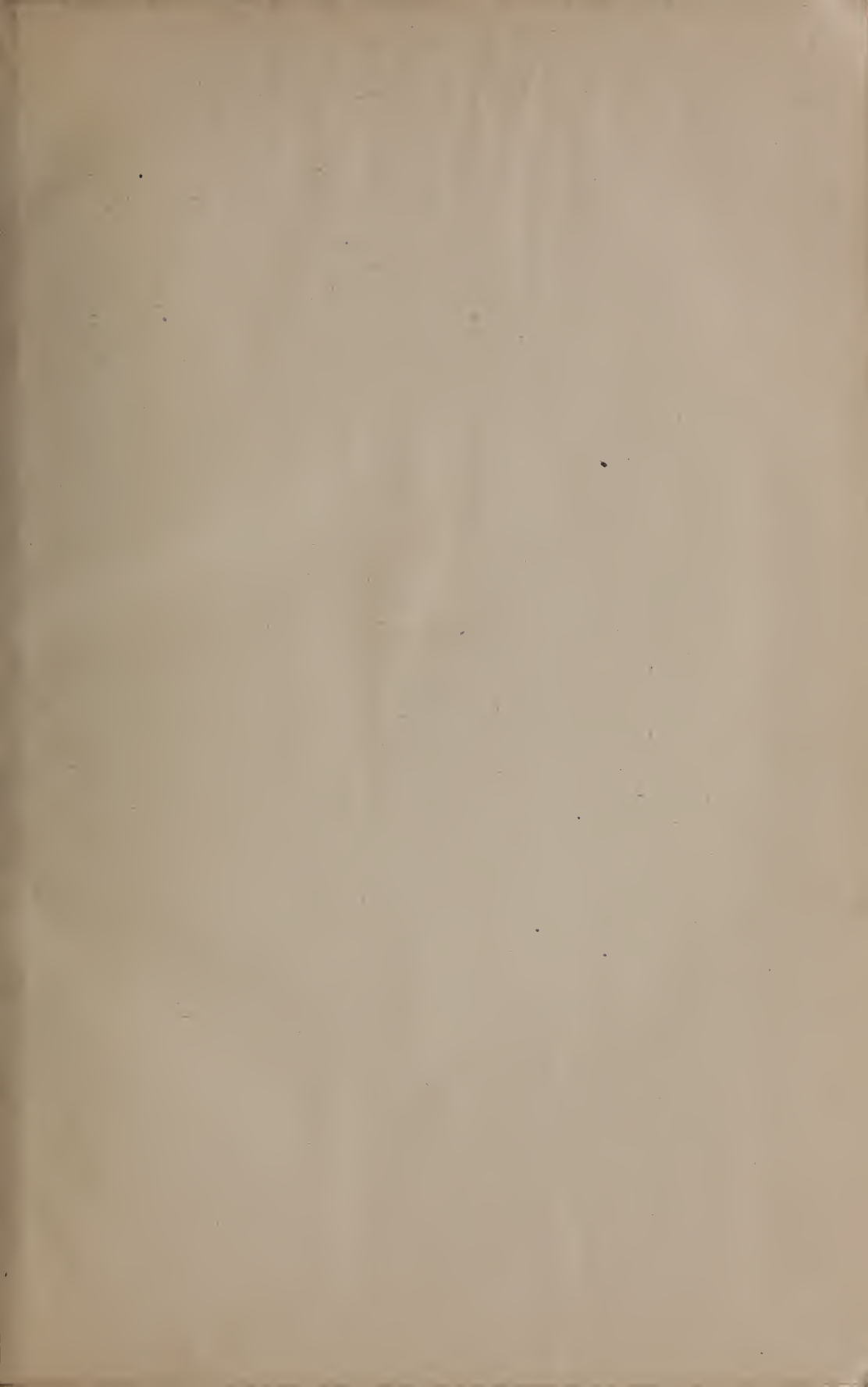


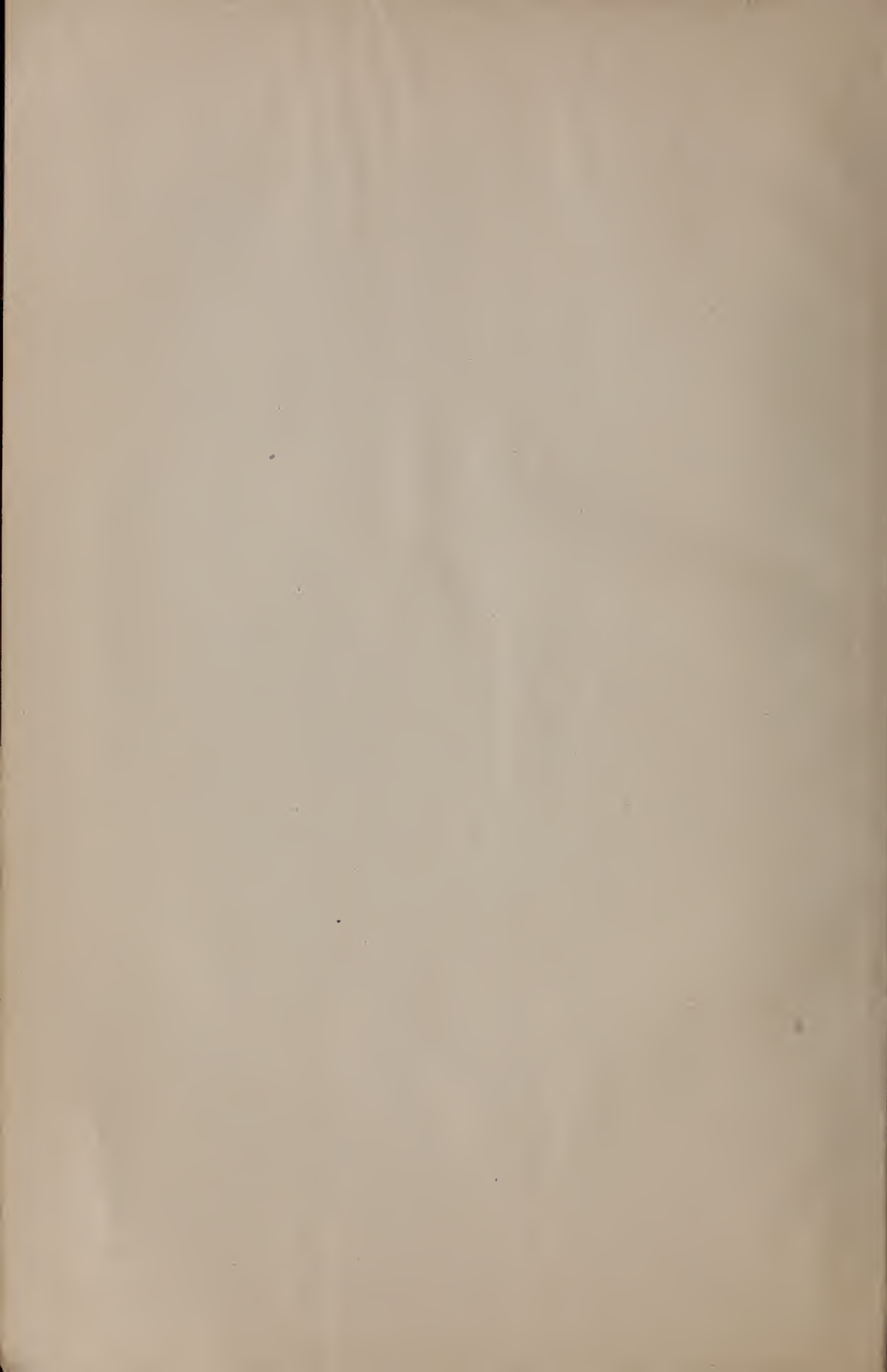


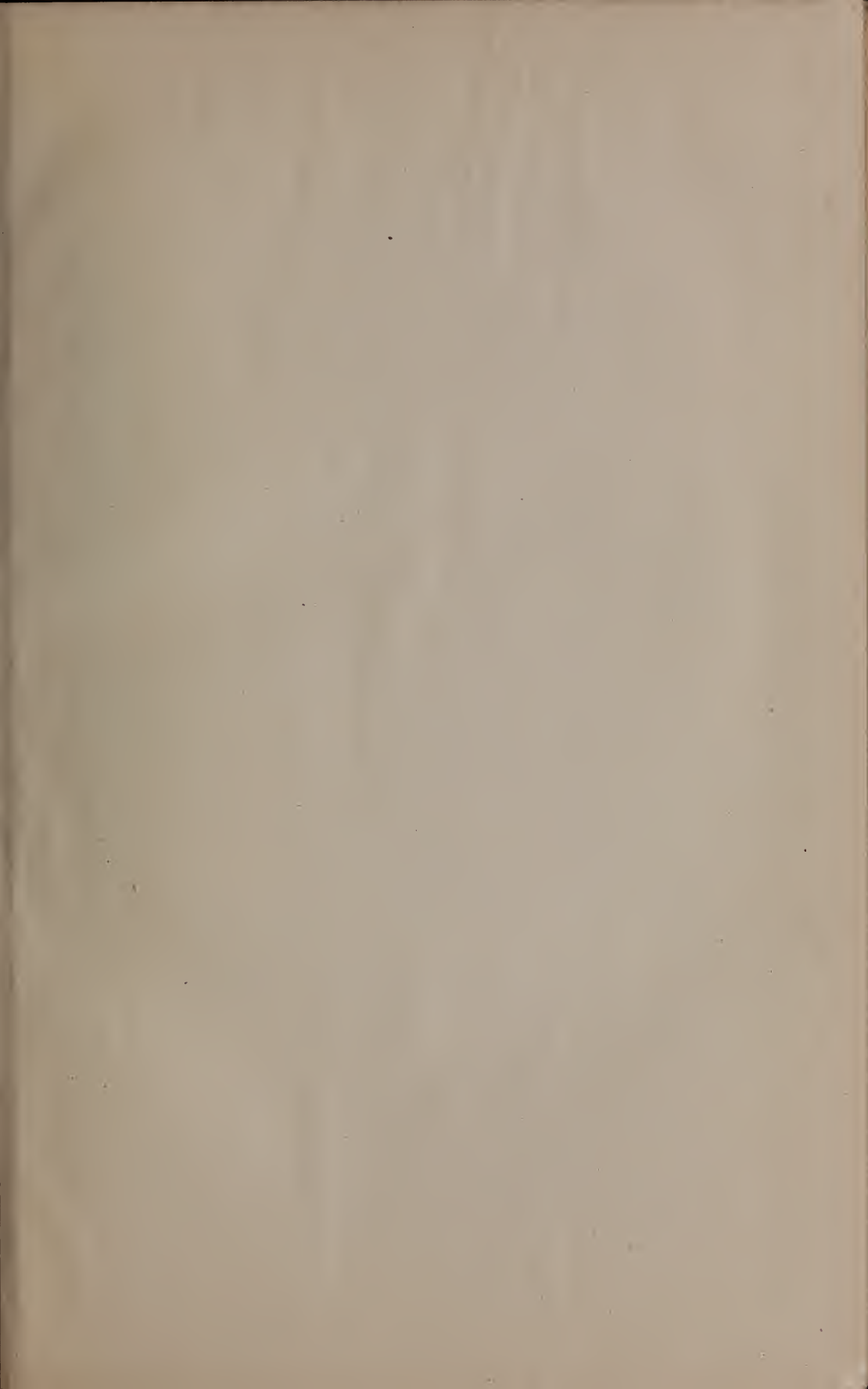
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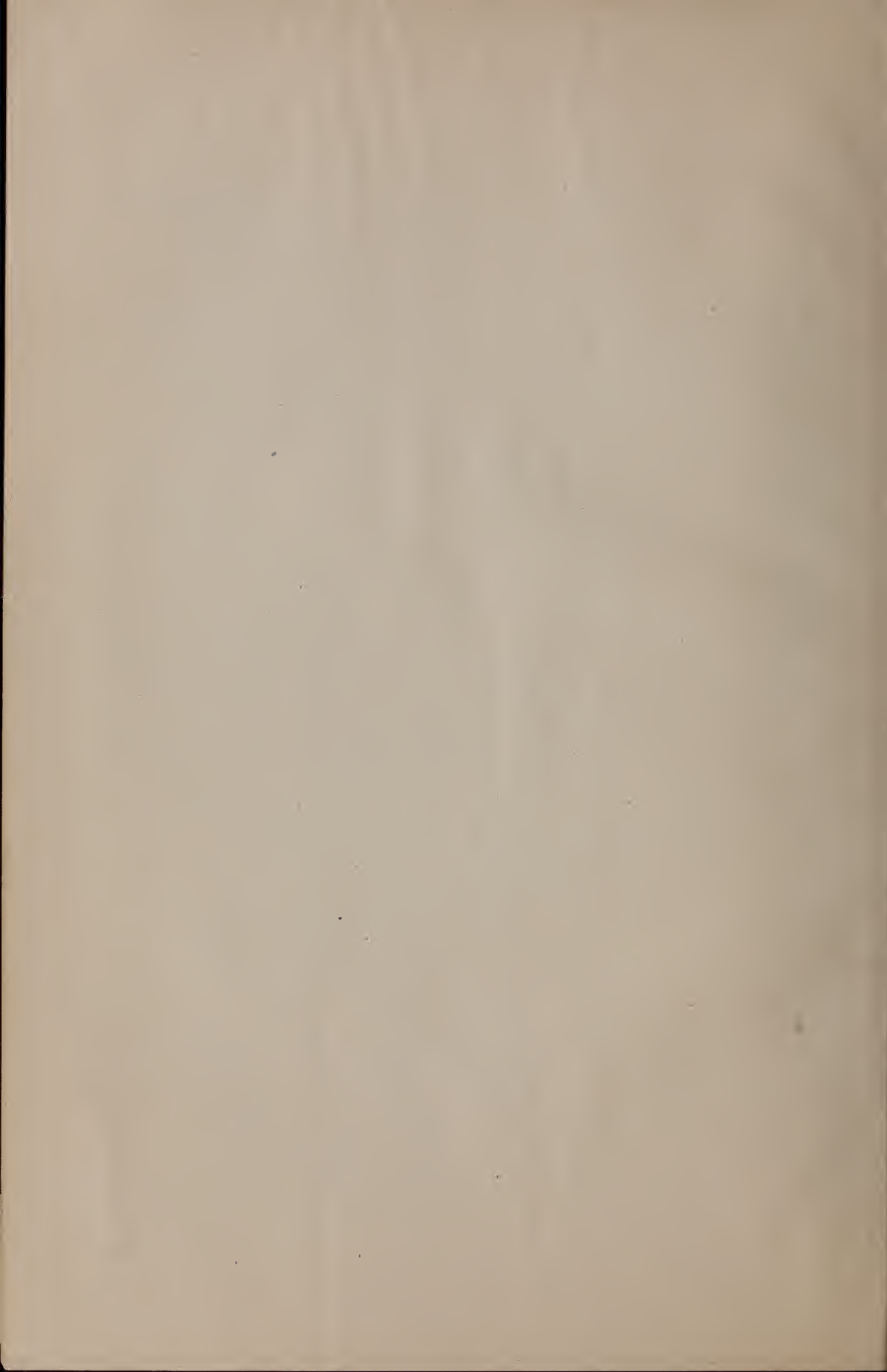
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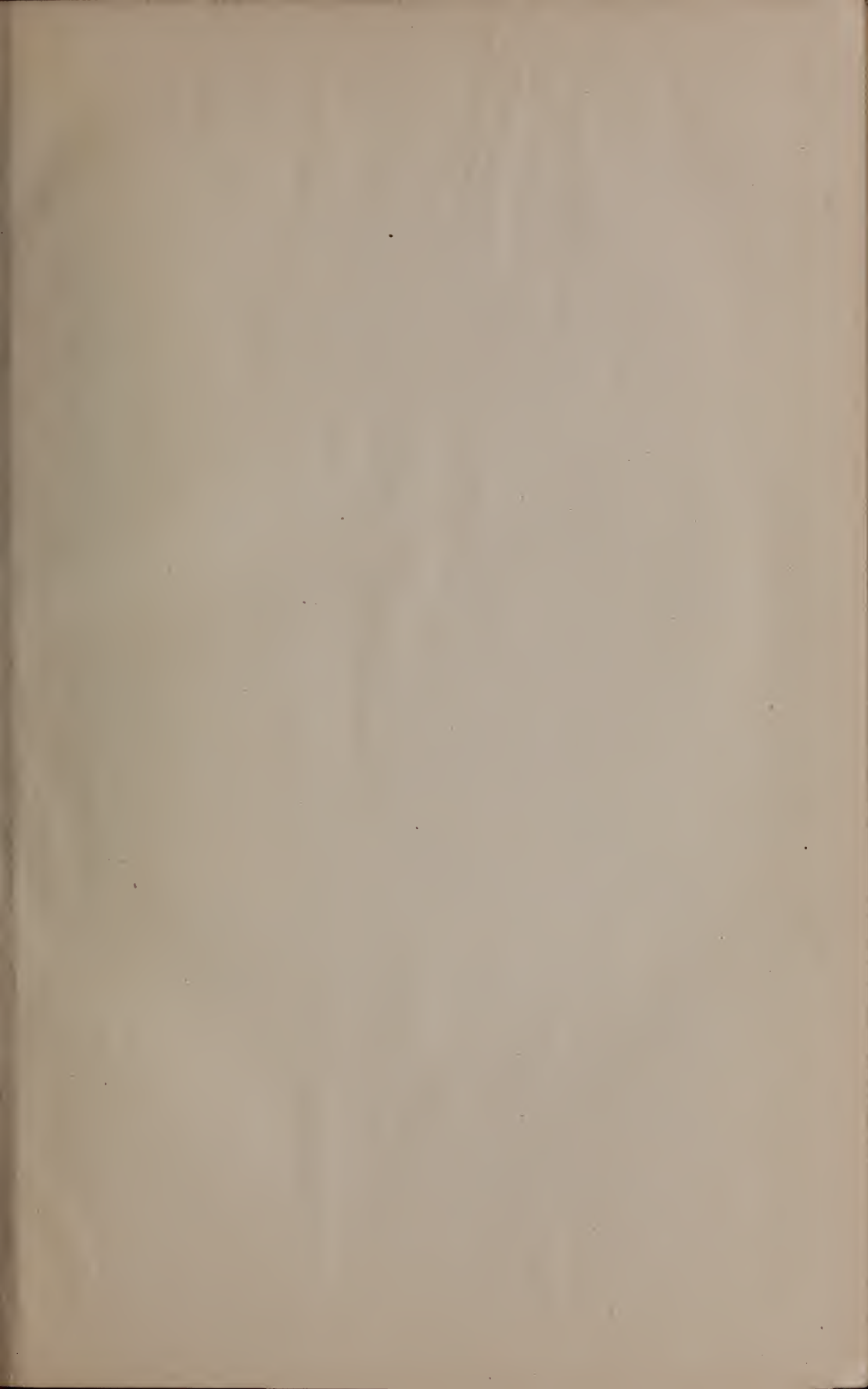
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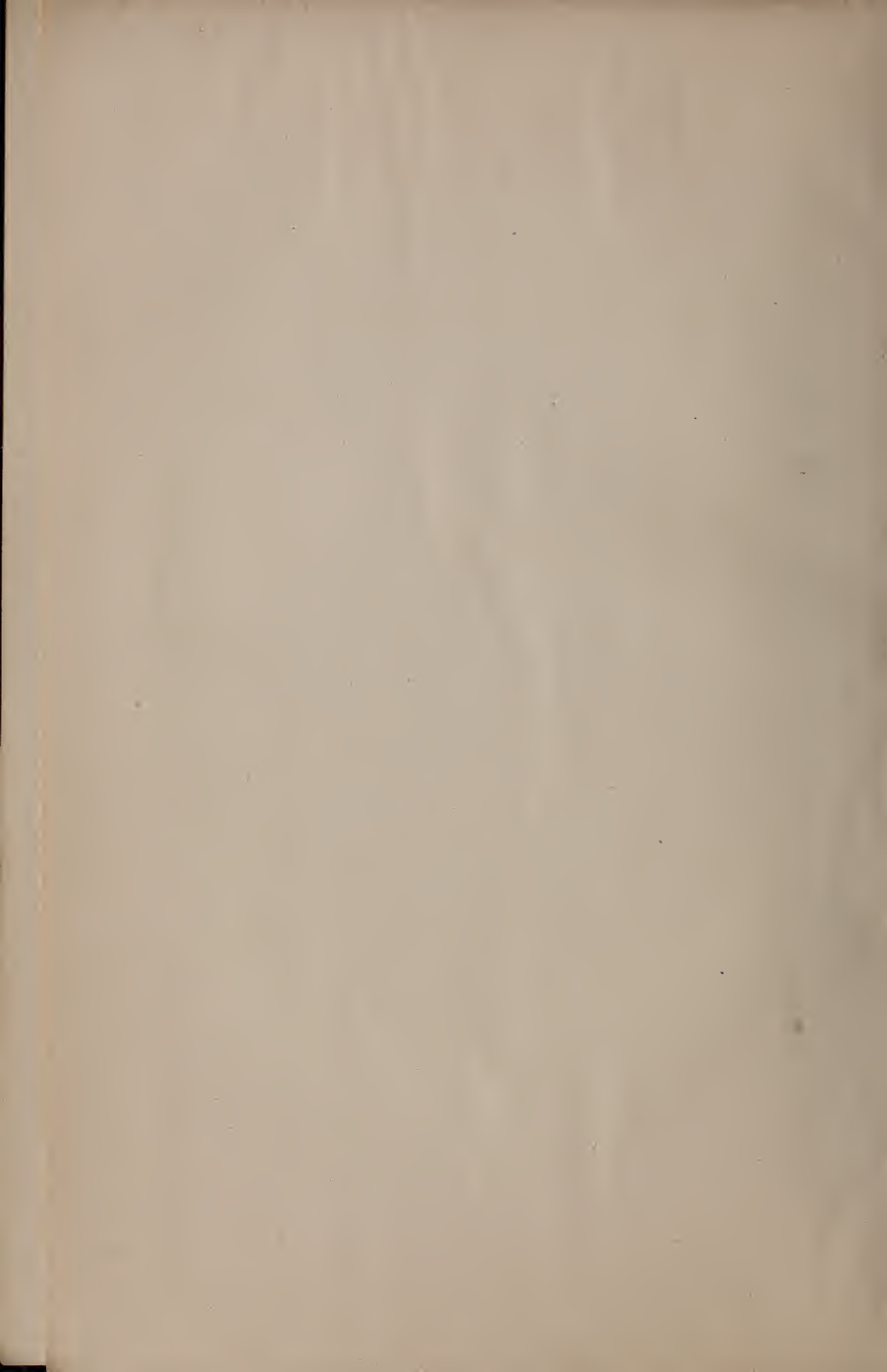












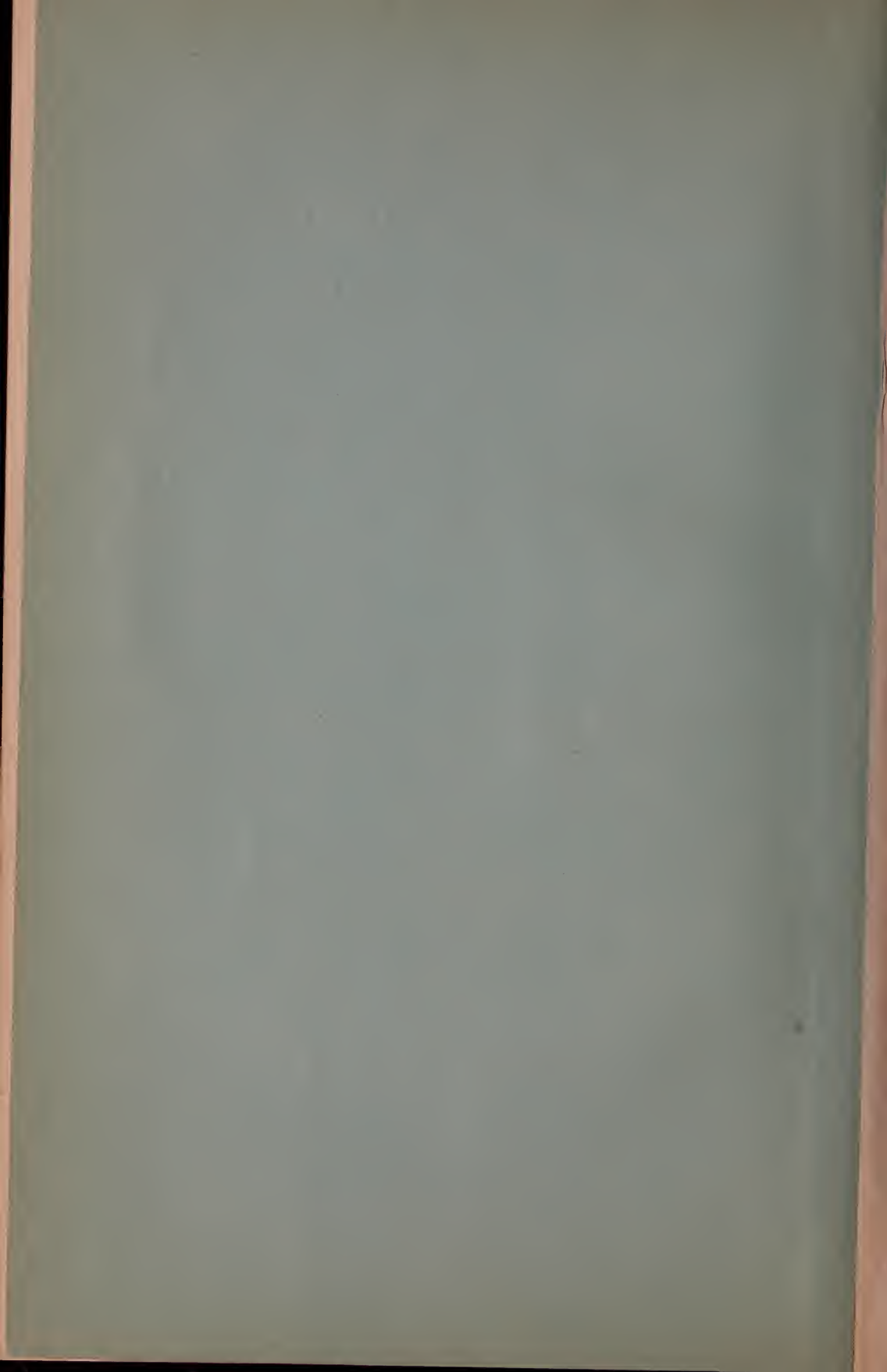
CONTEMPORARY
THEORIES OF UNEMPLOYMENT
AND OF
UNEMPLOYMENT RELIEF

BY
FREDERICK C. MILLS, M. A.

*Sometime Garth Fellow in Economics
Columbia University*

SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY
IN THE
FACULTY OF POLITICAL SCIENCE
COLUMBIA UNIVERSITY

NEW YORK
1917



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THEORY OF DIFFERENTIAL
EQUATIONS
BY
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1917

Dedicated
TO MY MOTHER
LILY NIGHTINGALE MILLS

PREFACE

CERTAIN explanations of the choice and arrangement of material in this monograph are necessary.

The subject of unemployment is one which ramifies into many channels. An exhaustive survey of the field being impossible, the necessity of severely limiting the study to certain lines of investigation involved the neglect of other equally important phases of the question. So far as has been possible the work has been held strictly to a study of theories as to the causes of the modern phenomena of unemployment and as to the methods by which unemployment can be prevented or relieved. Facts concerning the extent of unemployment have been touched upon only where they have a bearing upon either of these two subjects.

Though the paper has been prepared primarily to present present-day theories, its scope has been slightly enlarged so as to include, on the side of theory, a brief statement of the treatment of the subject of unemployment by the classical economists, and, on the side of practical relief, as representing the working-out of certain theories, a summary of the treatment of the able-bodied poor under the English Poor Law. A brief compendium of the course of tramp and vagrancy legislation in the various states of the United States is also included. It was felt that without some such foundation the study of contemporary theories would have been too far divorced from practical relief and from previous economic thought.

With the exception of some early study by Henry C. Carey, Francis A. Walker, Henry George and a few relief administrators, the subject of unemployment is one that has only recently attracted attention in the United States. The course of recent opinion in this country on this subject has been largely influenced by continental and, especially, by English thought. It is in the latter country that scientific method has been most effectively applied to the study of this problem. This exposition begins, accordingly, with a treatment of the development of English practice and of present English theories on the subject.

The method adopted for the arrangement and presentation of the material involve the breaking-up of the complete theories advanced by the various writers in order to present their various views on each of the main theories that are held today. This arrangement sacrifices the possibility of comparing the views of one authority, as a unified whole, with those of another; but it makes possible the full presentation of each of the main types of theory without the repetition and disorganization that would result from the full statement, in chronological order, of the complete program of each thinker considered.

The definitions given to the term "unemployment" by the various authorities cited vary widely, some using it to cover merely the involuntary idleness of able-bodied workers, others cloaking under it all idleness, whatever its cause or nature. The limiting extent to which certain authorities apply the term is indicated in the consideration of their theories. Throughout this paper, however, unless otherwise noted, the term is used in a broad sense; in the writer's opinion the vagrant and other types of "unemployables" are legitimate elements of the

problem of unemployment, even though the social or industrial cause be one step further removed than in the case of the temporarily unemployed wage earner.

The inclusion in the present paper of a study of French and German theories has not been possible. Important contributions to the subject have been made by continental students and by continental practice. It is hoped that it will be possible to make such a survey at some time in the future.

The writer desires gratefully to acknowledge his indebtedness to those who have aided him in the preparation of this monograph. Professors Carl C. Plehn and Jessica B. Peixotto of the University of California have given helpful advice and criticism. Sincere thanks are due Professor Henry R. Seager of Columbia University for valuable assistance in the revision of the manuscript and in the preparation of proof. To Professor Carleton H. Parker of the University of Washington the writer stands deeply obligated for the enthusiasm which he has contributed to the performance of this work.

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CHAPTER I

THE DEVELOPMENT OF ENGLISH UNEMPLOYMENT THEORY AND REMEDIAL PRACTICE

I. THE CLASSICAL ECONOMISTS ON UNEMPLOYMENT

THE period during which the classical system of economics of the Manchester School was being formulated was one characterized by distress from unemployment at least equally severe with any of more recent years.¹ Yet we find no exposition of unemployment as such. Certain problems closely connected with that subject are discussed, but chief emphasis is usually placed upon an aspect other than that bearing upon the question under consideration. Thus the possibility of general overproduction and "glut" is a favorite bone of controversy, but the point with which the economists are primarily concerned is whether profits could thus be reduced to zero, not whether the resulting flooding of the market would throw men out of work. However, there is a re-

¹ Sir Robert Giffen, in his inaugural address as President of the Royal Statistical Society in 1883, stated ". . . the poor are to some . . . extent, fewer, and those who remain poor are, individually, twice as well off on the average as they were fifty years ago." Quoted, Webb and Freeman, *Seasonal Trades* (London, 1912), p. 7.

In *Essays in Finance* (second series), p. 379, Mr. Giffen writes: ". . . periodic starvation was in fact the condition of the masses of the working men throughout the Kingdom fifty years ago." Quoted, *Seasonal Trades*, p. 7.

Cf. also "Distress of Laboring Classes since 1815." T. R. Malthus, *Principles of Political Economy* (Boston, 1821), p. 379, *et seq.*

lation more or less intimate between many of the modern theories and those set forth by the men of this school. A summarized statement of their views will pave the way for the presentation of later developments in this field.

On the question of the irregularity of employment Adam Smith says the first and, so far as his followers in this school are concerned, the last word. As one of the five classic reasons for the inequalities of wages between different industries Smith includes relative constancy or inconstancy of employment.¹ The more inconstant the employment the higher will be the wage, for "What he earns . . . while he is employed, must not only maintain him while he is idle, but make him some compensation for those anxious and desponding moments which the thought of so precarious a situation must sometimes occasion." This principle is repeated by Smith's successors for over one hundred years, practically unquestioned except by Senior, who disagrees as to the increased annual real wage. "But this evil (despondency because of precarious situation) is compensated, and in most dispositions more than compensated, by the diminution of his toil. We believe, after all, that nothing is so much disliked as steady, regular labor; and that the opportunities of idleness afforded by an occupation of irregular employment are so much more than an equivalent for its anxiety to reduce the wages of such occupations below the common average."² Senior contends, however, that the periods during which capital is unproductive must be compensated by a surplus profit when it is productively used.

¹ *Wealth of Nations*, book i. chap. x.

² Nassau W. Senior, *Political Economy* (6th ed., London, 1872), pp. 207-8. Also quoted in *Seasonal Trades*, p. 10.

Thomas R. Malthus, following Adam Smith, made two important contributions to the subject under consideration. His doctrine of population, at least as it was first enunciated, and as interpreted by later followers, exercised a vicious negative effect on the course of scientific study of the problems connected with destitution. The effect it had of completely overshadowing certain other doctrines advanced by Malthus in connection with this same subject has been almost equally regrettable. His theory of the pressure of population on the means of subsistence, the resulting destitution being merely one of the natural positive checks to an excess of numbers, is too well known to require detailing here.¹ Unemployment, according to this view, is caused solely by an excess of workers, and can only be dealt with by allowing full play to the rigorous process of natural selection. "A man who is born into the world already possessed, if he cannot get subsistence from his parents on whom he has just demand, and if society do not want his labours, has no claim of *right* to the smallest portion of food, and, in fact, has no business to be where he is. At Nature's mighty feast there is no vacant cover for him. She tells him to be gone, and will quickly execute her own orders if he does not work upon the compassion of some of her guests."² His theory is essentially one of surplus population. Malthus's doctrines were eagerly accepted by the upper classes, for they lifted from their shoulders not only responsibility for the condition of the poor, but also responsibility for active effort toward social improvement.

Malthus' relation to unemployment theories does not

¹ For the theory in full see Malthus, *An Essay on the Principles of Population* (London, 1803).

² *Ibid.*, p. 53. Quoted, *Seasonal Trades*, p. 11.

end here, however. In his *Principles of Political Economy*,¹ is included the earliest, most complete and most sympathetic treatment of the question of the unemployed that is found anywhere in the works of the economists of this school. In attempting to explain the distress of the laboring classes after 1815, he contends it to be due to the fact that capital, revenue, and the effective demand for produce had been diminished by the wars, while the working population was in excess of the demand, because of the many births during the preceding period, and the return of soldiers and sailors from the wars. He recommends as a remedy the employing of the working classes in unproductive labor, or at least in labor the results of which would not go for sale into the markets. The building of public works and the improvement of grounds and hiring of servants by the wealthy are advocated. Stating that "nothing can compensate the laboring class for a fall in the demand for labor," that "fluctuations always bring more evil than good to the working classes," he urges that it should be the object of government to maintain peace and an equable expenditure.² The passage is noteworthy not only for the striking change in spirit since the earlier work, but for the recognition of the evil effects on the laboring class of industrial fluctuations, and for the recommendation of methods for relieving the distress due to unemployment.

Malthus' treatment of overproduction is worthy of note because of the importance of that subject in later discussion. He argues the possibility of a real excess of goods over the quantity that could be consumed, though he does not show the possible connection between overproduction and unemployment.

¹ T. R. Malthus, *Principles of Political Economy* (Boston, 1821), p. 371 *et seq.*

² *Ibid.*, p. 403.

Through the works of David Ricardo there are scattered references to subjects that are today looked upon as important factors in unemployment, but Ricardo does not develop them as such. The Malthusian doctrine of population is accepted in full. The maintenance of the poor out of public funds is severely condemned, the Poor Law of the day, which richly deserved censure, being sharply attacked.¹ An increase in population is looked upon not necessarily as causing unemployment, but as lowering wages below the natural price until the number of the poor is reduced by misery so that wages can again rise.² A question that has long been at issue is touched upon by Ricardo in discussing the effects of the introduction of machinery.³ He contends that the employment of machinery always leads to an increase in the net product of a country, but not necessarily to an increase in the gross product. As the power of employing labor depends on the latter, there very often results a diminution in the demand for labor, population becomes redundant, and there is distress and poverty among the laboring class. Later economists took issue with Ricardo on this point. His general attitude on the question of relieving unemployment is shown where he endorses a statement that the great evil of the laborer's condition is poverty, resulting either from the scarcity of food or of work, but holds that the state should recognize the limitations of its power to remedy these conditions by legislation.⁴ The same attitude is shown in another section where he argues that the distress arising from a revulsion of trade is a necessary evil

¹ David Ricardo, *Principles of Political Economy and Taxation* (London 1881), p. 58.

² *Ibid.*, p. 51.

³ *Ibid.*, pp. 235-242.

⁴ *Ibid.*, p. 58. (Footnote.)

to which a rich nation must submit.¹ This acceptance of the maladjustments of the industrial system and of the resulting misery as a necessary feature of that system is characteristic of the whole Manchester school.

James Mill deals with none of the subjects connected with the problem of unemployment except in bringing forward the Malthusian theory of population in explaining wages.

J. R. McCulloch, like his predecessors, attacks the Poor Law for its tendency to derange the natural relation between the supply of labor and the demand for it,² shows the connection between population and fluctuations in wage rates,³ and repeats verbatim Adam Smith's statements as to variations in wages due to irregularity of employment.⁴ Of chief importance is his attempt to refute Ricardo's contention that the introduction of machinery tends to reduce the demand for labor. McCulloch holds that improvements in machinery may sometimes force workmen to change their employments, but that they always increase the gross product, and therefore have no tendency to lessen the effective demand for labor.⁵

The works of Nassau Senior are notable for an appreciation of the problem of unemployment and a careful consideration of the causes of unemployment. In some of the points he makes he anticipates later thought. His disagreement with Adam Smith as to the distress occasioned by irregularity of employment, and his rather questionable conclusion as to the joys of that state of affairs have been noted. Of greater validity is his other reason-

¹ Ricardo, *op. cit.*, p. 161.

² J. R. McCulloch, *Principles of Political Economy* (Edinburgh, 1825), p. 355.

³ *Ibid.*, p. 344, *et seq.*

⁴ *Ibid.*, pp. 240-1.

⁵ *Ibid.*, pp. 175-188.

ing on the subject. To the development of manufactures and the division of labor is ascribed the phenomenon of unemployment. "Few principles are more clearly established," Senior writes,¹ "than that the productiveness of labor is in proportion to its subdivision, and that in proportion to that subdivision must be the occasional suffering from want of employment." Another point which Senior mentions is first made by him among the economists; that is, that unemployment is in part due to lack of mobility on the part of labor. "There can be no doubt that we have among our institutions and our habits much that fetters and misdirects the industry of our laborers; and that these causes frequently occasion and always prolong the want of employment to which large portions of our laborers are frequently exposed."² A striking illustration of the position of the modern worker is given by Senior. The savage, like one of his own instruments, is clumsy and inefficient but a complete self-sufficing unit in himself. The civilized man, like a single wheel in one of his large machines, is marvelously efficient when combined with others, but alone almost useless.³

In the works of the great "codifier" of the classical economists there is nothing new on the subject of unemployment. John Stuart Mill accepts the Malthusian doctrine of population,⁴ discussing it solely in its effect on wages, quotes Smith on the irregularity of employment as tending

¹ Nassau William Senior, *Political Economy* (London, 1872), p. 219.

² *Ibid.*, p. 218.

³ *Ibid.*, p. 219. It is significant, in connection with these theories of Senior, that he was one of the members of the Royal Commission on the Poor Laws of 1834, the rigorous "Principles" of which still dominate English poor relief.

⁴ J. S. Mill, *Principles of Political Economy* (New York, 1864; from 5th London edition), p. 206.

to increase wages,¹ and follows McCulloch in denying Ricardo's contention that the conversion of circulating into fixed capital can injure the laboring classes in the aggregate, though admitting that temporary distress may result.²

J. E. Cairnes, in developing the theory of non-competing groups and in popularizing Senior's wage-fund doctrine, makes several points bearing upon the problem. An increase in the amount of fixed capital at the expense of circulating capital will, at least for a time, have disastrous results in the development of pauperism, he contends, because of the curtailment of the wages fund involved in this change.³ However, such a curtailment will not be a permanent one, since "... the true and only limit to the employment of labor is increasing cost of production. Increase the productive powers of industry, extend the knowledge of the industrial arts which support and comfort mankind, and there is little danger that laborers will ever fail of employment for want of work to do."⁴ Cairnes thus holds with Mill and McCulloch that distress due to the introduction of machinery will be merely temporary, involving a necessary change in the distribution of labor, but not a falling-off in the total demand for labor.

With Cairnes the line of immediate disciples of the Smith-Ricardo-Mill school of economists comes to an end. Their direct contributions to the study of the problem of unemployment were not many. The three outstanding ideas on the subject which they leave us are that unemployment is compensated by higher pay and

¹ Mill, *op. cit.*, pp. 473-4.

² *Ibid.*, pp. 130-6.

³ J. E. Cairnes, *Political Economy* (New York, 1874), p. 179.

⁴ *Ibid.*, pp. 257-8.

the opportunities for idleness, that it is due to a surplus population, and that it is a necessary concomitant of industrial changes, and therefore merely temporary in character. Their study of the problem was not intensive. Engaged as they were in building up a science of political economy it could hardly be expected that they should exhaustively study one phase of the subject. Propagating, moreover, the idea of free enterprise and *laissez faire* in industry, they were not likely to emphasize a point at which the doctrine of absolutely unrestricted business enterprise broke down, in so far as the well-being of the working classes was concerned. It was on these grounds, in part, that Bagehot and Jevons and Toynbee, who followed Cairnes, broke away from the restrictions of the classical school.¹

¹ For a brief review of the attitude of the Manchester school toward the problem of unemployment, see a paper by Juliet S. Poyntz, included in *Seasonal Trades* by Webb and Freeman, (pp. 7-12). It is rather a severe criticism of the school from the standpoint of a Fabian Socialist than a fair review.

W. M. Leiserson gives a good summary of the views of the early economists in an article in the *Political Science Quarterly* for March, 1916 (vol. xxxi, no. 1, pp. 5-9).

The views on the subject of unemployment of some of the lesser writers of the classical era, notably those of the Ricardian socialists, are worthy of exposition, but the scope of the present paper prohibits it.

There is much that is suggestive of labor doctrines concerned with unemployment in the socialist writings of the nineteenth century, especially in the works of Karl Marx. Marx' analysis may be briefly summarized.

With the advance of accumulation the proportion of constant (fixed) to variable (circulating) capital changes. If it was originally 1:1, it now becomes successively 2:1, 3:1, 4:1, 5:1, 7:1, etc., so that, as the capital increases, instead of 1-2 of its total value, only 1-3, 1-4, 1-5, 1-6, 1-8 etc., is transformed into labor power. Since the demand for labor is determined only by the variable constituent of capital, that demand falls progressively with the increase of the total capital. Capitalist accumulation, therefore, constantly produces a relatively redundant population of laborers—a surplus population. This surplus labor population forms

2. THE ABLE-BODIED UNDER THE ENGLISH POOR LAW

While the problem of unemployment is one that must be approached from the standpoint of industry, rather than from the standpoint of the Poor Law or of charit-

a *disposable industrial reserve army*. The course characteristic of modern industry, *viz.*, a decennial cycle of periods of average activity, production at high pressure, crisis, and stagnation, depends on the constant formation, the greater or less absorption, and the reformation of the industrial reserve army, or surplus population. (In their turn the varying phases of the industrial cycle recruit the surplus population, and become one of the most energetic agents of its re-production). Moreover, on the possibility of throwing great masses of men suddenly on the decisive points without injury to the scale of production in other spheres, depends fluidity and transformability of capital. The whole form of the movement of modern industry depends, therefore, upon the constant transformation of a part of the laboring population into unemployed or half-employed hands. The over-work of the employed part of the working class swells the ranks of the reserve. Relative surplus-population is the pivot upon which the law of demand and supply of labor works.

The relative surplus population exists in every possible form. Every laborer belongs to it during the time when he is only partially employed or wholly unemployed. There are, however, three general forms—the floating, the latent, and the stagnant. The floating surplus population is found in the centres of modern industry, among the laborers who, repelled and then attracted, are swayed by the expansions, contractions and shiftings of production. It is constantly augmented by the boys who were employed up to maturity and then turned out, for capitalistic production wants constantly larger numbers of youthful laborers, smaller numbers of adults. Of its members, also, are the thousands who are always out of work, even when there is a complaint of the want of hands, because the division of labor chains them to a particular branch of industry. The latent surplus population exists in the rural districts, where capitalistic production, having taken possession of agriculture, has forced out a part of the agricultural population. This excess is therefore constantly on the point of passing over into an urban or manufacturing proletariat, and on the lookout for circumstances favorable to this transformation. The third category of the relative surplus population, the stagnant, is that part of the active labor army which is characterized by extremely irregular employment, furnishing to capital an inexhaustible reservoir of disposable labor power. It recruits itself constantly from supernumerary forces of modern industry and agricul-

able administration, it is yet necessary to understand the attitude which the Poor Law administrators have taken in order to view in the proper perspective modern theories and remedies.

Previous to 1834 the Poor Law passed through three distinct periods, the division into periods being based upon the principles dictating Poor Law practice. From early times the poor have been divided into two classes, those unable to earn a livelihood, and the able-bodied, the "sturdy rogues and vagabonds." It was with the second of these classes that the Poor Law was first concerned, the "deserving poor" being left to churches,

ture, and especially from those decaying branches of industry where handicraft is yielding to manufacture, manufacture to machinery. There is, finally, the lowest sediment of the relative surplus population, the "dangerous" classes, those dwelling in the sphere of pauperism. It is pauperism which is the hospital of the active labor-army and the dead weight of the industrial reserve-army. *Das Kapital*, chap. xxv, sections 3-4, (London, 1901), pp. 642-664.

Marx anticipated in this analysis many of the later theories as to the causes of unemployment, as will develop in later discussion.

The reasoning of the other socialists of the day was rather more superficial than that of Marx, though tinged with the same intense revolutionary flame. The principle of the right to work was probably first enunciated in France by Fourier and Considerant. Upon it was based the scheme of employing in public works all who were out of work, which was attempted in 1848 (the *ateliers nationaux*). The matter of seasonal irregularity was first studied about the middle of the century by Louis Blanc, who gathered statistics from 1500 work-people in 830 workshops in Paris, as to their daily wage and the number of months during which each was out of work during the year. Very early in the nineteenth century Robert Owen in England was earnestly working to relieve the distress due to unemployment, proposing state provision of work as a protection against the misery resulting from industrial fluctuations. With the exception of the contribution made by Marx, the chief element in which was the conception of a mobile army as a necessity in capitalistic production, there is nothing of exceptional value to present study in the works of the early socialists. Cf. *Seasonal Trades*, pp. 11-16.

guilds, and private charity. Up to the Act of Elizabeth in 1601 extremely harsh laws for the suppression of vagabondage were in force. Under the Acts of 1388 and 1405 gaol and stocks, with bread and water diet, were the mead of sturdy beggars.¹ The Act of 1531 made necessary licenses for begging; he who was caught without a license was "to be beaten with whips till his body be bloody by reason of such beating." Scholars of Oxford and Cambridge begging without authorization under the seal of their universities were to be punished in the same way. The years 1547 and 1572 marked even more severe penalties. Branding, the enslavement of wives and children, and death were some of the punishments for "loitering, idle wanderers." The extreme severity of these laws of course prevented their strict enforcement.²

The second of the early periods is that beginning with the Act of Elizabeth in 1601. The dominant principles were, first, the relief of the lame, impotent, old, blind and other poor people not able to work, and, second, the setting to work of those having no ordinary or daily trade of life by which to get their living. Funds were to be provided by the practically compulsory taxation of every inhabitant. Every parish was solely responsible for its own poor. Laws of settlement were strictly enforced under this act, to prevent the flocking of the poor to the parishes where they were best treated.³ Parish poor houses first came into being during this period

¹ Cf. T. Mackay, *The English Poor* (London, 1889), pp. 112-116.

² *Ibid.*, pp. 118-121.

³ Such laws, however, were not originated at this time. Measures restricting the mobility of labor were enforced before the time of Wat Tyler during the reign of Richard II, and at varying intervals thereafter. Cf. Mackay, *op. cit.*, pp. 112-113.

because of the need for a test to prevent promiscuous giving by local justices.¹

In 1782, with the passage of Gilbert's Act, came the beginning of the form of poor-law relief to which Malthus and other of the early economists took such strong exception. The workhouse test was abandoned. All who were able and willing to work were to be provided by the Poor Law Guardians with employment "suited to their capacity and near the place of their residence." Moreover, they were "to be properly maintained and provided for until such employment were secured," and the deficiencies of the earnings of such work, if not enough for maintenance, were to be made up to them. Striking evils ensued. Money and food were doled out liberally, often without a labor test. In one place an independent laborer, by hard work, could earn 12 shillings a week, while a pauper, for nominal work, received 16 shillings a week. In some places people were forced by law to employ and pay a number of laborers, the number being based upon the amount of their property.² The poor-rate assessment became very high with these heavy drains upon it. The evil effects of the system, in the degradation of the working classes, in the fostering of an inefficient laboring force, and in the encouragement it gave to an excessive growth of population have been widely advertised since the breakdown of the old law.³ In 1834, following the Report of

¹ T. Mackay, *Public Relief of the Poor* (London, 1901). An interesting account of the economic background of the Act of Elizabeth is given on pp. 18-34.

² Instances taken from J. S. Nicholson, *Principles of Political Economy* (London, 1893), pp. 371-81.

³ Cf., Great Britain, *Report of the Royal Commission on the Poor Law*, (London, 1834), pp. 77-98.

An especial problem which developed during this period was that of

the Royal Commission on the Poor Laws appointed to investigate these conditions, the Act of 1834 was passed.

The *Report* of the Commission of 1834 and the laws passed to carry out the principles therein embodied deal chiefly with the able-bodied, for the evils of the preceding period had grown up primarily around the system for relieving this class. In considering the *Report* it is necessary to remember that it came as a reaction against the former system of allowances, and in an age when the doctrine of *laissez faire* dominated the economists and the statesmen. That the principles it put forward were excessively severe upon the individual pauper or unemployed man is therefore not surprising.

The dominating principle of the *Report* is that which is known as "less eligibility." "The first and most essential of all conditions is that his (*i. e.*, the individual relieved) situation on the whole shall not be made really or apparently so eligible as the situation of the independent laborer of the lowest class."¹ Two proposals for the actual administration of relief are based upon this general principle.

1. That outdoor relief to the able-bodied and their families be discontinued (with certain minor exceptions).

the agricultural laborer. The decay of the yeomanry, which set in about 1760 with the enclosure of the commons and the displacement of home manufactures by the factory system, and the concomitant development of a proletarian class, gave rise to the most pressing of the problems the Poor Law administrators had to face. The whole question of agricultural conditions has been, and continues to be, an important factor in the problem of unemployment, both directly and indirectly through its relation to the influx of rural workers to the cities. It is admirably treated by Miss O. J. Dunlap, *The Farm Laborer—The History of a Modern Problem* (London, 1913). Cf. especially in this connection, pp. 1-90.

¹ *Report of the Royal Commission on the Poor Laws* (1834), p. 228.

2. That relief be offered to able-bodied persons and their families only in well-regulated workhouses.

The two fundamental principles, therefore, are those of "less eligibility" and of a "workhouse system." Added to these is a third, that of "national uniformity," a central administrative board being recommended.¹ It is important to note that the principle of "less eligibility" included the doctrines that those helped by the parish should work "as hard and for less wages than independent laborers work for individual employers,"² and that the able-bodied be subjected to "such courses of labor and discipline as will repel the indolent and vicious."³

The most striking feature of the Poor Law Report of 1834, at least from the point of view of the present study, is the fact that in a period when the number of "legitimately" unemployed and underemployed was excessively large, according to contemporary evidence as to industrial conditions, absolutely no distinction was made between the unemployed man and the vagrant or pauper.⁴ The policy of rigorous deterrence was to be applied without discrimination to all who were in need of public assistance, no matter what the cause of their poverty might be. The key to this attitude is found in the theory as to the cause of unemployment which was held by the members of the Commission. The "surplus labor" theory had dominated previous relief systems, being the popular contemporary explanation of the phenomenon of unemployment. If there were more workers than there was work, it was held by those administering relief prior to 1834 that the community should take care of the

¹ *Report of the Royal Commission on the Poor Laws* (1834), p. 297.

² *Ibid.*, p. 262.

³ *Ibid.*, p. 307.

⁴ Cf. S. and B. Webb, *Minority Report of the Poor Law Commission* (London, 1909), part ii, p. 3.

surplus. The whole policy of the Commission of 1834 was based upon the belief that individual unemployment was due to individual faults, that ability and industry could always find a market.¹ In regard to the "surplus labor" theory, the *Report* states that even "after a system of administration, one of the most unquestionable effects of which is the encouragement and increase of improvident marriages among the laboring class, has prevailed in full vigor for nearly forty years" there is no real surplus in the kingdom as a whole.²

A recommendation which is of interest in its bearing upon unemployment relief, and which is somewhat inconsistent with this denial of a labor surplus, is made by the Commission in empowering the vestry of each parish "to pay out of the poor rates the expenses of emigration of any persons having settlements within that parish who may be willing to emigrate."³ This recommendation is explained by the statement that there may be a temporary surplus of labor in certain districts.

The scope of this paper prohibits a detailed description of the working-out of the principles of 1834 during the last eighty years. Nominally the principles still dictate the relief of all classes of destitute persons, with the exception of certain classes of the unemployed who are provided for by the Unemployed Workman Act of 1905. In fact there have been various changes in practice since that time. Such of these as apply to the able-bodied may be briefly enumerated.

The difficulty of enforcing the strict prohibition of outdoor relief broke down that policy, except in certain

¹ Cf., Great Britain, *Report of Royal Commission on the Poor Laws and the Relief of Distress* (London, 1909), part iv, chap. 9.

² *Report of Poor Law Commission* of 1834, pp. 351-2.

³ *Ibid.*, p. 351, *et seq.*

districts, even before it had ever been rigidly enforced. In 1842 an Outdoor Labor Test Order was promulgated, permitting the giving of work to able-bodied men at wages, under certain conditions and in certain parishes. In 1852 this order was embodied in the Outdoor Relief Regulation Order, which is still in force. The absolute prohibition of outdoor relief still applies, however, to some sections of England and Wales.

The workhouse system, which was recommended by the Commission of 1834 for universal application to all able-bodied men seeking relief, is now applied universally to one class only, the wayfarers or vagrants, for whom a system of casual wards has grown up all over England. The General Workhouse Order of 1847, which provided that all able-bodied inmates of workhouses should do ten hours work in summer and nine in winter, each day, at such work as stone-breaking and oakum-picking¹ still applies to much of the work done in these casual wards. Compulsory detention for a certain period is prescribed in some districts for all who may apply. The policy of 1834 in all its severity still governs these casual wards.

The principle of "less eligibility" as a dominant factor has been broken down in practically all parts of Poor Law administration except that dealing with the vagrant class. Other types of the able-bodied have the opportunity either to secure outdoor relief with a labor test, or to secure employment at wages under a Distress Committee.² In both cases they are in a position rather more eligible than that of the lowest grade of manual worker.

The most important single point of departure from

¹ Cf. Sidney and Beatrice Webb, *English Poor Law Policy* (London, 1909), pp. 74-5.

² Cf. *infra* ch. i, sec. 3.

the principles of 1834, in so far as the question of unemployment is concerned, was that marked by the Circular of 1886 sent out by Joseph Chamberlain, then president of the Local Government Board. It is of supreme importance in its relation to all later unemployment relief in that it first makes an official distinction between "able-bodied destitution" and "able-bodied pauperism," marking the inauguration of "a policy of discrimination between some able-bodied applicants and others according to their character and circumstances with a view to the rehabilitation of the man really seeking work."¹ In the Circular and in his letters concerning it, Mr. Chamberlain urged that the working men who were in distress because of the prevailing industrial depression be not familiarized with poor-law relief. The workhouse test and the labor test were to be upheld for the able-bodied pauper, but for the unemployed wage-earner different methods of relief were necessary. The Circular requested the local boards of guardians "to expedite as far as practicable the commencement of any public works which they may be contemplating, so that additional employment may be afforded."² Only once before, in the case of the Lancashire cotton famine, 1863-6, had such provision of public work for the unemployed been considered.³ It is to be noted that in first recommending this plan, Mr. Chamberlain advised that wages given on these works be somewhat below the normal level.

The principle of discrimination between unemployed types, and that of providing work for the industrial unemployed, were endorsed by a special committee of the House of Commons in 1895, and furnished the basis for

¹ *English Poor Law Policy*, p. 172.

² Quoted, *Ibid.*, p. 165.

³ *Ibid.*, pp. 92-3.

Mr. Long's Unemployed Workman Act of 1905. The working-out of the principles will be briefly touched upon in describing that act, which provided new machinery outside the Poor Law for caring for a large element of the unemployed. The casual ward, the labor yard, and the general mixed workhouse still remain under the Poor Law as agencies for caring for many types of unemployed men.

Through all the history of the English Poor Law, with its swings from the side of haphazard and indiscriminate giving to that of rigorous and indiscriminate deterrence and semi-penal and indiscriminate detention, there does not once appear a dictating policy based upon a scientific study of the able-bodied unemployed man, and upon a comprehension of the fact that there are many types and many causes for destitution. Rather does it rest upon unreasoned assumptions as to the causes for the existence of destitution. Perhaps the distinctive feature of poor-law policy until the time of Mr. Chamberlain was complete absence of discrimination. It was not until those in charge of poor-law relief began to discern the complexity of the causes of unemployment, began to realize that the roots of unemployment lie outside the individual and within the industrial system itself, that progress began to be made. As yet, the conception of outside causes and the practice of discrimination in administration have been applied within a limited sphere only. The Unemployed Workman Act of 1905 represents an important step in the new direction.

3. THE UNEMPLOYED WORKMAN ACT

The Circular of 1886, which urged that unemployed workingmen be dealt with outside the Poor Law, through the provision of work at wages by the municipalities,

has been mentioned. From 1886 to 1905 this method was adopted more or less extensively by municipalities throughout the kingdom. The funds were largely raised by public subscription. Various difficulties, mentioned below, were encountered. In 1905 a plan based upon this general method of caring for the unemployed, but designed to do away with some of its faults, was put forward by Walter Long, then president of the Local Government Board, and was passed by Parliament as the Unemployed Workman Act. The main features of the Act were these:¹

1. Distress committees expressly for dealing with unemployment were to be established by every borough council in London, and by every council in other cities having a population in excess of 50,000. These distress committees were to be in no way connected with the Poor Law.

2. The expenses of these committees were in part to be met by public subscription and in part provided out of the rates (the public money).

3. *Regular* workers temporarily out of work, not casual laborers, were to be aided by the distress committees, in any of the following ways:

- a. By assisting workers to emigrate or migrate.
- b. By the provision of temporary work (of actual and substantial utility, at a wage below the normal wage for unskilled labor).
- c. By the establishment of farm colonies.
- d. By the organization of a system of registering employers wanting workers and workers wanting work (public labor exchanges).

¹ *Report of Royal Commission on the Poor Laws*, 1909, vol. i, pp. 490-504.

The Unemployed Workman Act was designed to carry out Mr. Chamberlain's principle of discrimination, by selecting the "elite of the unemployed," the men from permanent situations, and giving them the means for temporary support while relieving them of the necessity of falling upon the Poor Law. In addition, its framers contemplated a national system of information bureaus for distributing the labor of the country. The whole system of relief under this act was made national in its scope in the hope of doing away with the haphazard, disunited methods that had characterized this method of relief when administered by the various municipalities.

Brief reference may be made here to certain of the ill effects of the Unemployed Workman Act, and to certain of the respects in which the hopes of its proposers have not been realized.

The labor exchanges contemplated by the Act were founded nowhere but in the city of London. There they met with a considerable degree of success, even though limited in their scope by the failure of other cities to establish co-operating branches, and formed the basis for the national system of exchanges established in 1909.¹

The farm colonies established under the Act, especially that at Hollesley Bay, were partially successful, in that those who were sent to these colonies were temporarily helped. However, the relief given in this way was very costly, and had no lasting effect, those that were helped being allowed to lapse back into destitution after leaving the farms.

The evils of the relief works that had been established by the various separate municipalities in accordance with Mr. Chamberlain's suggestions were in the main per-

¹ Cf., *infra*, pp. 36-38.

petuated in the works started by the distress committees. Complete discrimination, with the elimination of the confirmed casual was impossible; thus to a very large proportion of the men helped the work given by the cities was nothing other than another casual job, which tended to continue, rather than stamp out the vicious system of casual employment. This evil was intensified by the fact that such a large number were registered in the periods of distress that each one could be given only a brief dole of work, which was of little material aid. The costs of the works carried on under this system were extravagantly high, because of the inefficiency of many of the men in the class of work given them, and the disorganization of the working forces. Perhaps the worst evil that developed in connection with the public relief works was the forestalling of ordinary work, the displacement of the regular workers by men of less efficiency from other trades.¹

The majority of the Poor Law Commission of 1905-9 considered the evils of the Unemployed Workman Act so far to outweigh its advantages that they recommended its discontinuance. The minority, however, contended that until a more adequate scheme for caring for the unemployed had been put into effect, the Unemployed Workman Act should be continued in operation.

Notwithstanding the difficulties it encountered and the numerous evils that developed in connection with its operation, the Unemployed Workman Act undoubtedly served an important purpose in sharply differentiating the methods of caring for the unemployed, as such,

¹ For criticisms of the Act *cf.* *Report of the Royal Commission on the Poor Law* (1909), pp. 494-504. Also appendix to *Report of Royal Commission*, vol. xix. For a more favorable criticism, *cf.* the *Minority Report* (London, 1909), part ii, pp. 133-162.

from the ordinary methods of relieving pauperism, sickness and poverty, and in emphasizing the necessity of discrimination, even though in practice complete discrimination could not be secured. It set up the problem of unemployment as a separate problem, requiring separate study and treatment. On the problem itself, as Beveridge points out, it has made no appreciable impression. Even in its failure, however, it performed the great service of demonstrating ". . . the inadequacy of all measures which, like itself, leave industrial disorganization untouched and deal only with the resultant human suffering."¹

¹ W. H. Beveridge, *Unemployment: a Problem of Industry* (London 1912), p. 191.

Cf. pp. 162-191 for a careful criticism by a man who was closely in touch with the practical working out of the Unemployed Workman Act.

Cf. also, *Report to Legislature of the State of New York by the Commission to inquire into the Question of Employers' Liability and Other Matters. Third Report, Unemployment and Lack of Farm Labor* (April 26, 1911), pp. 71-83. A very complete analysis, especially illuminating on the work of the farm colonies in England. On pp. 130-3 of this same (N. Y.) report the text of the Unemployed Workman Act is given.

Mention should be made of another factor which has from time to time been of importance in the relief of the unemployed—that is, the work of voluntary agencies. The giving of charity of this type has been based upon the belief, on the part of the movers in the various schemes, that the Poor Law was inadequate for dealing with the able-bodied unemployed. This work has consisted either of the collection of emergency relief funds, to be dispensed with or without the requirement of work, or of the establishment of shelters and labor homes. The most important instance of the direct dispensation of funds gathered in this way is that of the famous Mansion House Fund of 1885-6. Nearly £80,000 was distributed in London during that winter, in a most haphazard and indiscriminating manner. "There are men still living among the unemployed of today who can recall with regret those golden days" (Beveridge, p. 158). The demoralizing effects of this "orgie of relief" were felt for years. In 1904-5 another Mansion

4. BOARD OF TRADE LABOR EXCHANGES

Since 1905 there have been two important developments in England in connection with the problem of unemployment: the passing of the Labor Exchanges Act in 1909 and of the National Insurance Act in 1911. Brief outlines of the essential features of these acts are given, as the measures have an important bearing upon the course of discussion concerning the problem being reviewed.

The labor exchanges which were authorized to be established by the distress committees in the various municipalities of Great Britain, under the Unemployed Workman Act, were in fact put into operation only in London, where they met with a limited degree of success. In 1909 the government proposed a bill creating a national system of labor exchanges under the Board of

House Fund was gathered. Farm colonies were established at Osea Island and Hadleigh, outside of London. In return for work done there by married men, who had previously been in regular employment, their families were given relief in London. Far more satisfactory results were obtained. Similar funds were gathered at various times in other cities, being dispensed, in the main, in a way that did more harm than good.

Such shelters as have been established by private parties have been under the control of the Salvation Army, the Church Army, and minor religious bodies. In most cases relief in these places is given without the exaction of work, there being thus a competition between lax, undisciplined private shelters and harshly severe casual wards. The most notable accomplishment of religious bodies has been the establishment of fairly successful rural colonies in certain places.

For descriptions of voluntary agencies for relieving the unemployed, see, *Minority Report, Royal Commission on the Poor Laws*, part ii, pp. 99-114; *Report of Royal Commission on the Poor Laws*, part vi, ch. 3, pp. 468-481 and Beveridge, *op. cit.*, pp. 157-162.

A very full description of the working of all agencies outside the Poor Law for dealing with unemployment is given in appendices, volumes 19, 19A and 19B to the *Report of the Royal Commission on the Poor Laws* containing the findings of Cyril Jackson and J. C. Pringle.

Trade. It was passed with practically no opposition. The chief provisions of the Act,¹ which is very brief, and of the code of regulations drawn up under the Act, are as follows :

1. The Board of Trade may establish labor exchanges, and such other agencies as they think fit, for the collection and furnishing of information as to employers requiring work-people and work-people seeking employment.

2. The power of establishing labor exchanges without the sanction of the Board of Trade is taken away from the distress committees.

3. Local representative advisory committees, on which are representatives of both employers and workmen, may be appointed in each district to advise and assist the Board of Trade in the management of the district labor exchange.

4. Neutrality in trade disputes is provided for.

5. No fees are to be charged either to employers or workmen.

6. Traveling expenses may be loaned to work-people traveling to employment found for them through a labor exchange.

Provision was later made for the separate registration of juvenile applicants for employment,² and for close co-operation with the education authorities for the placement of juvenile workers.³ The task of communicating

¹ Cf., *Report on Unemployment, etc.* (N. Y.), pp. 134-40, for the text of the Labor Exchanges Act, the regulations drawn up under it, and the schedules used by the labor bureaus.

The text of the Act is also given in Beveridge—Appendix E, p. 279, *et seq.*

² Beveridge, pp. 289-90.

³ *Ibid.*, pp. 285-8.

with parents and of advising young persons as to the work for which they are adapted is in the hands of the local education authority, while that of registering the actual applications for employment and bringing the applicants into touch with employers is, in the main, in the hands of the labor exchanges. Special voluntary advisory committees for juvenile work are provided for.

The main characteristic of the labor exchanges being established under the Act is, in the words of the general manager of the system, that they are "national, industrial (not eleemosynary), free, voluntary, and impartial."¹

5. THE NATIONAL INSURANCE ACT

In December, 1911, the English National Insurance Bill² became a law. The Act went into operation on July 15, 1912, and the payment of benefits under it began on January 15, 1913. Provisions for sickness insurance and unemployment insurance are made by the Act. The chief provisions concerning the granting of unemployment insurance are as follows:

1. Work-people (skilled or unskilled, organized or unorganized) in the following trades are compulsorily insured against unemployment: (a) Building; (b) Construction of works; (c) Mechanical Engineering; (d) Shipbuilding; (e) Ironfounding; (f) Construction of vehicles; (g) Sawmilling.

¹ *National Conference on the Prevention of Destitution; Papers and Proceedings* (London, 1911), p. 397.

For discussions of the working of the labor exchanges cf. *National Conference on Prevention of Destitution*, pp. 215-72, 394-432.

Beveridge, *op. cit.*, pp. 291-306.

Report on Unemployment, etc., (N. Y.), pp. 82-92. A careful and comprehensive though brief report on the English system.

² For the text of the Act see David Lloyd George, *The People's Insurance* (London, 1911), pp. 144-160, 168-171.

Cf. also, Beveridge, Appendix F, pp. 314-334.

These trades are in the two main groups of building and engineering, the occupations which are most precarious, in that they are subject to very considerable seasonal and cyclical fluctuations. Lloyd George estimated that about one-sixth of the industrial population of England would be insured under the Act.

2. The machinery of administration is made up of the previously existing labor exchanges, and the existing trade unions giving unemployment benefits.

3. Compulsory contributions of $2\frac{1}{2}$ d. a week are paid by each workman and by employers for each employee during the period of employment. No contributions are required while the workman is unemployed.

4. An amount equal to one-third of the total contributions from workmen and employers (one-fourth of the total) is to be paid into the fund by the state.

5. Abatements amounting to over 50 per cent of their total contributions are allowed to employers who will insure their workmen for a year at a time. This large rebate is given in order to encourage employers to give their men regular employment, and to discourage casual employment.

6. Benefits of seven shillings a week in the engineering trades and six shillings a week in the building trades for a maximum period of fifteen weeks of unemployment during any twelve months are provided for, subject to certain restrictions to prevent fraud and malingering.

7. Trade unions in the compulsorily insured trades, which pay out-of-work benefits, will be repaid from the insurance funds that amount of their benefits which their members would have been entitled to draw had they received their insurance directly.

8. Trade unions in other trades, which pay out-of-work benefits, may receive from the general insurance

fund an amount equal to one-sixth of their disbursed benefits, provided that an amount not in excess of two shillings a week per unemployed member shall be paid to the unions from the general fund. This method of aiding voluntary unemployment insurance is one of the essential features of the Act.

The inauguration of this system of unemployment insurance is of such recent date that a judgment as to success would be premature.¹

This brief résumé of the National Insurance Act brings to an end the summary treatment of the theories and remedies of the past, with which it was thought advisable to introduce this monograph. Though an intensive treatment of the subjects considered has not been possible, the matter next to be taken up may perhaps be seen with a truer perspective because of this introduction.

¹ Lloyd George, *The People's Insurance*, contains an interesting account of the presentation of the bill to Parliament by Mr. George, and the arguments in favor of it.

Beveridge, Appendix F, pp. 307-361, gives the regulations and schedules which have been drawn up in the administration of the measure.

Sidney and Beatrice Webb, in *The Prevention of Destitution* (London, 1912), rather harshly criticise the original Insurance Bill. Their general discussion of insurance as a measure of relief is illuminating (pp. 158-220.)

CHAPTER II

CONTEMPORARY ENGLISH THEORIES OF UNEMPLOYMENT AND OF UNEMPLOYMENT RELIEF

MANY diverse theories have in the past been advanced and are held today as to the basic causes of the phenomenon of unemployment. Some of the past theories have been discarded with the advance of economic knowledge. On the contemporary theories varying degrees of emphasis are placed by the different students of the problem. Few of them advance one exclusive cause, but few agree as to the relative importance of the several outstanding causes. To take up in chronological order, or otherwise, the complete scheme of each writer would involve a great deal of repetition and a considerable degree of disorganization in the presentation of the problem. It is deemed best, therefore, to consider separately each of the prominent group causes into which fall the many theories advanced.

In the introductory chapter to his analysis of the problem of unemployment,¹ W. H. Beveridge emphasizes several fundamental considerations which are equally pertinent to the present exposition. The evil to be studied, he says, is that of "maladjustment between the supply of and the demand for labor."² His inquiry, therefore, is to be an economic one, not one made from the standpoint of charitable administration. In the

¹ *Unemployment: A Problem of Industry* (London, 1912).

² *Ibid.*, p. 3.

second place, it is unemployment, not the unemployed, which must be studied, for "any one unemployed individual may represent the concurrence of many different forces, some industrial, some personal."¹ These two general considerations will govern the present approach to the problem.

What may be called the "orthodox" theories as to the causes of unemployment may be ranged under four main heads, to accept the classification set up by Beveridge, which is convenient for the present purpose. They are: the loss and lack of industrial quality; industrial fluctuations; the reserve of labor; and the personal factor. Certain theories (*e. g.*, that of a labor-surplus) do not fall within this classification, being omitted because not widely held today. Reference to some of these outlying theories is made below.²

I. LOSS AND LACK OF INDUSTRIAL QUALITY

The ultimate problem of unemployment, as has been pointed out, is that of lack of adjustment between the supply of labor and the demand for labor. The present section deals with types of "qualitative maladjustment,"

¹ Beveridge, *op. cit.*, p. 3.

² It is perhaps unnecessary to state that in the present consideration of the different theories nothing but their broad outlines can be sketched. For the details of the different proposals, and for the technical points concerning the administration of the proposed relief measures, reference may be made to the authorities quoted.

Attention should also be called to the fact that a very considerable re-alignment of the theories of most of the authorities dealt with will be necessary in order to bring them under the accepted classification, inasmuch as the methods of attacking the problem and of classifying its elements vary with each individual writer.

The grouping accepted seems to be the best available. Its use will make for greater clearness and simplicity of presentation than would otherwise be possible.

wherein the available supply of labor is not of the quality demanded by contemporary industrial needs. This mal-adaptation may be due to one of three causes.

In the first place there may be changes in the character of the demand for labor, "changes of industrial structure," due to the decay of particular industries, the introduction of new processes or of machinery, or to a regional shift in the location of an industry or a group of industries.¹ Controversies have raged since the days of the classicists as to the effect of such industrial changes on the condition of the laboring classes. The view held jointly by Ricardo² and Marx³ that the use of machinery tended to displace labor has been mentioned. The general conclusion of the older economists, however, was that merely temporary distress would be caused by such changes, since the gross demand for labor would be increased by increased production.⁴ This is also the general consensus of opinion among modern economists, though the relative degree of importance attached to it as a cause of unemployment varies widely. There is no controverting the fact that a new process may render a skilled man's technical knowledge useless,⁵ even while tending ultimately to increase the total produce of the

¹ Cf. Beveridge, pp. 111-13. Cf. also J. A. Hobson, *The Problem of the Unemployed* (London, 1896), pp. 38-44.

An illuminating description of "Increasing and Decreasing Trades," covering the period from 1861 to 1891 is given by Charles Booth in his *Life and Labor of the People in London*, vol. v, second series (vol. ix of the complete works), pp. 295-302.

² *Supra*, pp. 17-18.

³ *Supra*, pp. 21-23.

⁴ *Supra*, p. 23.

⁵ Cf. N. B. Dearle, *Industrial Training* (London, 1914), p. 352. Cf. also *Minority Report* part ii, pp. 167, 189-90.

country, and hence the demand for labor.¹ Beveridge is among those who contend that such changes are of little practical importance in affecting the volume of unemployment,² holding that these industrial reformatations act very gradually in reducing the demand for any particular type of labor. The majority report, emphatically denying a contraction in the gross demand for labor, yet urges the importance of the "social time-lag" as a cause of local and temporary unemployment.³ The Webbs in their minority report class these changes as one of the important "frictions of industrial life" which are constantly turning steady men out of permanent situations, "men who for years have satisfied the demand for labor in one form and who may find the form suddenly changed; their niche in industry broken up; their hard-won skill superfluous in a new world; themselves also superfluous unless they will and can learn fresh arts and find the way into unfamiliar occupations."⁴ A similar argument is put forward by Mr. John Richardson in his testimony before the Poor Law Commission.⁵ He holds that modern machine methods tend, in their ultimate effects, permanently to displace labor, as well as to reduce the general level of skill and intelligence among workers.

¹ Cf. Great Britain, *Report of Royal Commission on the Poor Laws*, Appendix, vol. ix. pp. 202-3. An interrogation of Sidney Webb by Professor Smart concerning the effects of machinery and changing industrial processes gives rise to an illuminating exchange of opinions on the subject.

² Beveridge, pp. 113-17.

³ *Report of Royal Commission on the Poor Laws*, part vi, ch. 1, pp. 437-45.

⁴ Quoted, *Minority Report*, part ii, p. 168. Cf. also *Prevention of Destitution*, p. 95.

⁵ *Report of Royal Commission on the Poor Laws*, appendix, vol. ix, pp. 252-3.

A view midway between these diverse contentions is held by Hobson. The factor determining whether unemployment is to be increased or diminished by the introduction of machinery in a particular trade is the "elasticity of demand" for the product of that trade. If inelastic, workers will be displaced, but even in this case there need be no net reduction of employment, since the purchasing power released by the fall of price of a commodity will be turned in other directions.¹

The requirement laid upon the modern working-man by this "changeability of the industrial process" is that of a degree of mobility and adaptability never exacted from his predecessors. On this point all agree, whether tending to minimize or exaggerate the importance of these changes.²

The second factor tending to bring about a loss of industrial quality is that of age. The worker who is growing old, who is losing his power to adapt himself to new conditions and new circumstances, is facing an industrial world which requires a constantly greater degree of adaptability. Extensive inquiries tend to prove that men are not turned out of their positions on account of old age any more frequently at present than has been the case in the past,³ but that getting back into industry after middle age has been reached is becoming more difficult. Rather convincing evidence on this point is given by Rowntree and Lasker in the record of an in-

¹ J. A. Hobson, *The Industrial System* (London, 1909), pp. 279-282. Cf. also, Hobson, *Problem of the Unemployed*, pp. 49-50.

² On this subject cf. Geoffrey Drage, *The Unemployed* (London, 1894), pp. 127, 148-9; Percy Alden, *The Unemployed* (London, 1905), pp. 34, 66. Alden's book deals almost exclusively with proposed remedies, taking certain causes rather for granted.

³ Cf. Beveridge, pp. 117-24.

tensive study of unemployment in the town of York. For practically one-fourth (23.3%) of the regular workers unemployed at the time of their survey, age was the primary factor which rendered re-entry into industry difficult.¹ It is interesting to note that the one apparent exception to this general rule was found in the building trades, in which contractors evidently favored men above middle age.² A considerable difference of opinion exists as to whether the length of industrial life is increasing or diminishing. On the one hand it is held that the period of dependence has increased, because, with a lengthening actual life there has been no change in the length of the working life.³ This is controverted, at least in its absolute form, by Beveridge, who shows by means of superannuation age figures that in certain trades the working life has increased.⁴ The Webbs specifically deny that age is of increasing importance as a cause of the turning of men out of industry, holding, however, that age makes more difficult the mobility and adaptability required in the modern world.⁵

Third of the causes of maladjustment as to quality between the supply of and the demand for labor is that of

¹ Rowntree and Lasker, *Unemployment: A Social Study* (London, 1911), pp. 52-4.

² *Ibid.*, p. 148.

³ C. J. Hamilton, "Unemployment in Relation to Age and Accident." In: *Papers and Proceedings, National Conference on the Prevention of Destitution* (1911), pp. 460-6.

⁴ *Unemployment*, pp. 122-3.

⁵ *Minority Report*, part ii, pp. 224-30.

A. C. Pigou, *Unemployment* (N. Y., 1913), places age among the several causes conducing to maladjustment between wage rates and demand, and hence to unemployment. Cf. *infra*, pp. 48-49.

Cf. also Testimony of Mr. John Richardson before the Poor Law Com., appendix, vol. ix, p. 253.

deficiency of industrial training. This is placed by some as the ranking cause for the existence of unemployment, or, at least, as one of the most insidious and demoralizing of the several causes. "We regard," says the *Minority Report of the Poor Law Commission*, "this perpetual recruitment of the unemployable by tens of thousands of boys, who, through neglect to provide them with suitable industrial training, may almost be said to graduate into unemployment as a matter of course, as perhaps the gravest of all the grave facts that the Commission has laid bare."¹

The theory, in its broad form, is as follows: A characteristic feature of modern industry is the employment of juveniles not as learners but as wage-earners,² in occupations which they can retain only up to maturity, and which fail to prepare them for anything other than the lowest forms of unskilled work. These "blind alley" or "dead end" occupations are the breeding grounds for the low-grade casual type which forms the chief element in the underemployed and unemployable classes. That these classes are so recruited is clearly shown by the startlingly large percentage of youths applying to distress committees.³ Not only has lack of industrial training characterized "blind alley" employments, but also vicious habituation to irregularity and often to immorality.⁴

¹ Quoted, Dearle, p. 416.

² Cf. *supra*, p. 21-23, note on Marx' theories.

³ *Minority Report*, part ii, p. 220.

⁴ E. g. the influence of the messenger service.

Cf. Dearle, *Industrial Training*, pp. 360-452, for a very complete analysis of the "blind alley" and its relation to the problem of unemployment.

Cf. also Cyril Jackson, "Boy Labor", *Royal Commission on the Poor Laws*, appendix, vol. xx.

The opinion of the subscribers to the minority report as to the importance of this subject is clear from the above quotation. Again they state, "The mass of unemployment is continually being recruited by a stream of young men from industries which rely upon unskilled boy labor and turn it adrift at manhood without any general or special industrial qualification and—it will never be diminished until this stream is arrested."¹ Beveridge, however, while recognizing the deleterious effects of this system of juvenile employment, and considering it to be a vital factor in the determination of the incidence of unemployment, does not hold it be of extreme importance in its effects upon the volume of unemployment.² It does help to determine what individuals shall be among the casuals and the under-employed, but the mere elimination of that system "would not touch the causes of industrial fluctuation, or, in practice, prevent casual employment."³ The reason, according to Beveridge, for the existence of a group of casual laborers is not the unfitness of certain men for steady work, but the presence of a demand for that type of labor. The lack of industrial training facilitates but does not cause casual labor.⁴

From another point of view Professor A. C. Pigou advances a theory as to the relation of this "blind alley" training to unemployment. His general contention is

¹ *Minority Report*, part ii., p. 224.

A vivid description of these conditions is given by Sidney Webb in the introduction to *Juvenile Labor Exchanges and After Care*, by A. Greenwood (London, 1911).

² *Unemployment*, pp. 125-32.

³ *Ibid.*, p. 131.

⁴ For a discussion of the topic of the relation of casual employment to unemployment *cf. infra*, ch. ii, sec. 5.

that "unemployment is wholly caused by maladjustment between wage rates and demand," his main thesis being that unemployment is due to an excess of the demanded wage rate above the competitive level which would normally be established where a given number of people of given degrees of efficiency are competing for work under a system of casual engagement.¹ Since payment cannot be adjusted to efficiency "an element of artificiality is introduced into the wage rate of second-grade work-people."² Especially is this true where, because of humanitarian ideas, a legal or customary minimum wage above the normal competitive level for inefficient workers is established. The creation of inefficient workers, therefore, through faulty industrial training, is a strong factor in bringing about a state of maladjustment between wage rates being paid and those rates normal to the number and relative efficiency of the workers. Pigou, in fact, places such emphasis on this factor (together with that of personal disability), that he lays down this law: "The determinant upon which the average amount of unemployment³ depends is found in the number of work-people of the lowest grade, so ill-endowed by nature and education as to be incapable of really efficient work, that exist in any country, as compared with its general wealth."⁴

N. B. Dearle, writing with the experience of an intensive survey of industrial training in London, presents the problem in yet another light. The lack of industrial

¹ A. C. Pigou, *Unemployment*, pp. 51-7.

² *Ibid.*, p. 63.

³ Pigou uses the term unemployment as practically equivalent to "involuntary idleness," including time lost by persons working short time as well as by those doing no work; *Unemployment*, p. 242.

⁴ *Ibid.*, pp. 66-7.

training, according to his analysis, helps to determine the amount as well as the incidence of unemployment.¹ The reason for this effect upon the amount of unemployment is found in the possibility of "substitution of methods" in production. Employers adapt their methods to the labor supply, doing their work with steady, skilled hands if they are available, or with a large number of lower-grade irregularly employed workers, if they are to be obtained. Net profit to the employer is often the same, whether he turn out high-class goods or cheap low-grade goods, so the choice of method is in a sense immaterial to him, depending upon the available labor supply.² That labor which is the product of "blind alley" employment is peculiarly suited to the second type of production, with its greater amount of irregularity. There results, essentially because of the existence of "blind alleys," a greater amount of unemployment.

A discussion of the reflex influence of unemployment upon industrial training is an important contribution which Dearle makes.³ The relation of the supply of labor to the demand for it will determine whether the methods of production and of training are to be wasteful or otherwise. If there be a "defective demand" (*i. e.*, one considerably short of the total labor supply) irregular methods of employment and bad methods of training will be resorted to. That such a defective demand has existed in England for years is proved, in Dearle's eyes, by the excessive waste of boy labor, and by the unnecessarily huge reserves of labor maintained both in the skilled and unskilled trades. There is thus a vicious interaction between unemployment and faulty industrial training, each tending to perpetuate the other.

¹ *Industrial Training*, p. 418.

² *Ibid.*, pp. 418-20.

³ *Ibid.*, pp. 427-52.

The majority of the Poor Law Commission hold that "the growth of large cities has brought with it an enormous increase in the (juvenile) occupations that are making directly for unemployment in the future."¹ In very comprehensive papers presented to that Commission, Reginald Bray² and Michael E. Sadler³ put forward similar contentions, the former epigrammatically stating that "No use at five-and-twenty is of more validity than too old at forty."

Of the unemployed youths interviewed in the survey of York, the great majority had come from "blind alley" occupations.⁴

The most detailed study extant of the actual occupations entered upon by boys leaving the elementary schools, with regard to the permanence and educative value of these occupations, was made by Cyril Jackson for the Royal Commission on the Poor Laws.⁵ His survey convinced him of the difficulty boys find in securing permanent work of a satisfactory character, and of the degenerating effect of the work they do get not only negatively in failing to train them, but positively in breaking down character and sense of responsibility.⁶

The question as to whether the lack of industrial training merely causes certain individuals rather than others to be unemployed, or does actually increase the aggre-

¹ *Report of Royal Commission on the Poor Laws*, vol. i, p. 418.

² *Ibid.*, appendix, vol. ix, pp. 315-29.

³ *Ibid.*, appendix, vol. ix, pp. 211-28.

⁴ Rowntree and Lasker, *Unemployment*, p. 9.

This fact, of course, neither proves nor disproves the Beveridge contention that faulty training determines the incidence, not the volume, of unemployment.

⁵ Appendix, vol. xx.

⁶ *Ibid.*, pp. 27-28.

gate amount of unemployment, is perhaps of academic rather than of practical interest, since even those who hold the former view admit that the evil facilitates casual employment, and should be eliminated.

The three factors discussed in the present section, though technically differing in character, are all inter-related causes for qualitative maladjustment between the supply of and the demand for labor. Whether maladaptation is due to an "objective change in the methods of production," a "subjective change brought by advancing years," or to original deficiencies in industrial training, there is the same ultimate evil to be dealt with.

2. PROPOSED REMEDIES FOR QUALITATIVE MALADJUSTMENTS

The inadvisability of attempting in any way to interfere with changes in industrial processes, because of their ultimate beneficial results, is admitted by practically all the authorities. Dearle does not sanction the methods of production, arising from a defective demand, which depend upon cheap, irregular labor, and hence would discourage that type of industrial change. However, he sees no method of preventing that particular evil except through an increasing demand for labor.¹ The conclusion, therefore, in regard to this first cause is that, industrial changes being unavoidable, the remedy for resulting distress is to be found in community action to further mobility and adaptability on the part of its labor force.

Beveridge conceives that the organization of the labor market, the bringing about of "organized fluidity of labor" through a national system of labor exchanges, would of

¹ *Industrial Training*, p. 452.

itself largely settle this problem.¹ Guidance to new occupations, not support, is requisite for men who have lost their established means of livelihood. The Webbs go somewhat further than this. The necessary adaptability, in their view, must be given by the state to those who are capable of resuming their places in industrial employment. Free training establishments with a strict curriculum of physical and industrial training, aiming at the "industrial over-hauling" of each individual admitted, are earnestly advocated.² The majority of the Poor Law Commission also propose labor exchanges for assisting the mobility of labor,³ and agricultural and industrial institutions for training the unemployed.⁴

A fact which is becoming of increasing importance in connection with the introduction of machinery, tending to lessen the resulting displacement of labor, is that modern machinery largely displaces other machinery. Less and less does it replace the handicraft arts, as it formerly did. So narrow has the field of handicraft become that future machine inventions will in all probability cause but a small fraction of the distress occasioned by the first inventions. From the tending of one machine the modern operator turns to the tending of another and more efficient machine. As a factor in unemployment, therefore, such mere mechanical changes appear to be becoming of minor consequence.

¹ *Unemployment*, pp. 210-11; *cf. infra*, ch. ii, sec. 6, for the discussion of labor exchanges.

² *Minority Report*, part ii, pp. 301-2.

³ *Report of Royal Com. on the Poor Law*, vol. i, pp. 507-9.

⁴ *Ibid.*, p. 545. The general proposals concerned with unemployment insurance and assistance during periods of unemployment are relevant in this connection, but since they apply to all unemployment, whatever the cause, they will be treated separately. *Cf. infra*, ch. ii, secs. 9, 10.

Unemployment due to old age can at least in part be prevented through a labor-exchange system, which should aim to place older men in positions for which they are peculiarly fitted.¹ The aim of social policy, Beveridge asserts, is to keep age secure; old men should therefore be given a marked preference in the filling of positions. Pigou, who sees a chief cure for unemployment in the adjustment of payment to efficiency, urges a lower scale for older men, pointing out that in fact several trade unions not only permit but enforce this lower rate.²

Old-age pensions, though not established in England with any direct reference to the problem of unemployment, have some bearing upon this question. The Old Age Pensions Act of 1908 provided that all persons over seventy years of age whose annual income did not exceed thirty-one pounds, ten shillings, should receive weekly pensions from the government. The amount of the pension varies from five shillings to one shilling per week, according to the means of the pensioner. Certain disqualifications are provided for, but in the main the provisions of the Act are liberal.³

The most important element in this problem of conforming the quality of the labor supply to the demand is that of eliminating the evil of "blind alley" employment, of ensuring to the youthful worker a training which shall fit him for steady occupation later in life.⁴ Here again

¹ Cf. Beveridge, p. 211.

² *Unemployment*, pp. 61-2.

³ The text of the Act may be found in William A. Casson's pamphlet, *Old Age Pensions Act* (London, 1908), which gives, as well, the regulations made thereunder, and explanatory annotations. *Old Age Pensions and the Aged Poor* by Charles Booth (London, 1899), is still of value on this subject.

⁴ For a complete discussion of existing agencies designed to accomplish this end, and the presentation of a careful program of future policy, cf. Dearle, *Industrial Training*, pp. 452-553.

we must avoid a digression into controversies concerning technical methods, and merely outline a broad program, indicating one or two points of difference of opinion.

There are two main phases to this question of youthful misfits—the organization of boy labor, and the reorganization of general education and industrial training.¹ A beginning in the solution of the problem of organizing the boy labor market has been made in the establishment of juvenile labor exchanges, connected with the national labor-exchange system and co-operating with the national educational authorities.² The building-up, however, of a thorough system of juvenile advisory committees, of voluntary care committees, of juvenile trade boards, and of the various agencies by which children are to be advised and directed in their choice of occupations, is, to a great extent, still to be consummated.³ On the need for these all are agreed. Arthur Greenwood, in a valuable little book,⁴ sums up the possibilities of reform in the juvenile labor market.

In regard to the necessary reorganization of general education, the majority *Report* sounds the keynote of a general complaint. That “. . . our school curriculum does not supply the right class of instruction and training for industrial purposes,” that “. . . the atmosphere of our school life is (not) altogether congenial to a career of manual labor,” and that as a consequence “clerical labor is a glut upon the market” while “high class artisans are at times obtained with difficulty” are

¹ Cf. Dearle, p. 528.

² Cf. *supra*, p. 37.

³ Cf. Dearle, pp. 544-49.

⁴ *Juvenile Labor Exchanges and After Care* (London, 1911).

some of the strong assertions made.¹ The majority lay down no direct program for reform, but urge the Board of Education "thoroughly to reconsider the curriculum, the aims, and the ideals of elementary education," endorsing in part the recommendations of their investigator, Mr. Cyril Jackson. A school-leaving age of 15, with attendance until 16 of boys not properly employed, is specifically advocated, while a tentative recommendation for universal military service is made.² Dearle, in this same connection, advises the development of manual training, general industrial and commercial training for the older boys, and 15 as the school-leaving age.³

The question as to the methods of giving the technical industrial training required is a bone of bitter controversy between the different English authorities. Best results are looked for by Dearle with a system of reorganized and supervised workshop apprenticeship, compulsory continuation schools being provided for boys under 18 not satisfactorily employed. Certain "blind alley" trades are to be eliminated, while the evil results of others are to be counteracted by supervision and connection with continuation schools. To accompany these reforms, the prohibition of excessive hours of labor and the restriction of night work by juveniles are advocated.⁴ The contentions of Professor Pigou are based upon his general analysis of the unemployment situation. He urges the discouragement of "blind alley" occupations and the provision of increased facilities for education

¹ *Report of Royal Commission on the Poor Laws*, vol. ii, p. 231.

² For Mr. Jackson's conclusions and recommendations [see appendix, vol. xx, to the *Report of Royal Commission on the Poor Laws*, pp. 27-32.

³ *Industrial Training*, p. 550.

⁴ *Ibid.*, p. 551.

and training as measures which will tend to bring the general level of efficiency up to that which is worth the customary minimum wage, and which will thus tend to eliminate unemployment.¹ Rowntree and Lasker, with other suggested reforms, advocate the creation of compulsory schools giving technical and physical training to unemployed juveniles up to the age of 19.²

A contribution of great value to the study of the whole problem of child-work is made by Miss O. J. Dunlap and Richard B. Denman in their *English Apprenticeship and Child Labor*.³ Though not essentially an analysis of child labor as a factor in unemployment, it throws a flood of light on this phase of the subject, the historical study of the apprenticeship system and the changes in industrial method being strikingly illuminating. Their findings in the latter regard, concerning industrial changes, lead them to a conclusion directly opposed to that of Dearle on the question of shop-apprenticeship. "The systematic enforcement of apprenticeship," they assert, "would be impossible under modern industrial conditions,"⁴ though they admit its limited applicability. Moreover, they allege that there is a real demand today for a great deal of low-skilled labor, so that the plan of giving all boys a technical training is absurd.⁵ Every youth, however, needs protection from the evil of lack of educative qualities, and should be given the adaptability, initiative and physical well-being needed in any work he will do. For the attainment of this general training and for the improvement of juvenile working conditions four general proposals are made.

¹ Pigou, *Unemployment*, p. 243.

² *Unemployment*, pp. 20-28.

³ London, 1912.

⁴ *Ibid.*, p. 327.

⁵ *Ibid.*, pp. 330-1.

The raising of school age, an adolescent part-time system, with compulsory continuation classes, the regulation of youthful employment out of school hours, and the creation of juvenile advisory committees to assist in the organization of the juvenile labor market are recommended as essential to the elimination of the evils of the present system.¹

The subscribers to the *Minority Report* advance the most drastic scheme of any proposed. For the full understanding of the plan it should be noted that they have in mind not only the good of the juveniles concerned but the necessity of finding industrial vacancies for the surplus labor resulting from the carrying-out of a process of "decasualization."² The chief points in the recommendation are these:³

1. No boy under the age of 15 shall be employed in any occupation whatsoever.
2. No youth under the age of 18 shall be employed for more than 30 hours a week.
3. All youths between the ages of 15 and 18 shall attend a compulsory continuation school giving physical and industrial training 30 hours a week.

W. H. Beveridge looks upon the problem of improving the conditions of youthful labor as identical in principle with that of organizing the labor market, both being methods of adjusting supply to demand. That industrial training can be looked upon as "the principle remedy for unemployment" is denied.⁴ Technical edu-

¹ Cf. *English Apprenticeship and Child Labor*, pp. 309-50, for a very comprehensive treatment of the modern problem of juvenile labor,

² Cf. *infra*, ch. ii, sec. 6.

³ Cf. *Minority Report*, part ii, pp. 268-75.

⁴ *Unemployment*, p. 212.

cation is endorsed only in so far as it can be guided by an accurate knowledge of industrial conditions, the ideal of teaching a trade to every youthful worker being condemned.¹ The best contribution the educational system can make, Beveridge maintains, is the encouragement of adaptability, not the teaching of any particular trade. Primarily it must be through a better organization of the labor market, with an extension of labor-market organization into the schools, that this type of maladjustment is to be remedied.²

3. INDUSTRIAL FLUCTUATIONS

The second of the group-causes for unemployment is industrial fluctuations resulting in a changing demand for labor. These fluctuations are of two types—seasonal, in which the complete cycle of falling and increasing demand is completed within the period of one year, and cyclical, in which the change extends over a number of years. It is a characteristic feature of the first type that the variations in activity are trade variations, usually affecting each trade or group of trades in a peculiar and distinctive manner and at a particular time. The cyclical fluctuations strike practically all trades alike, resulting in fairly uniform periods of activity and depression.

The causes of seasonal fluctuations are not far to seek, nor is there any considerable difference of opinion concerning them. The root cause is, of course, climatic. That is the sole determinant of cultivating, sowing and

¹ *Unemployment*, p. 214.

² *Ibid.*, pp. 211-15.

Reference to the necessity of reforming conditions of juvenile education and labor is made by Charles Booth in *Life and Labor of the People in London*, vol. v, second series (vol. ix of collected works). pp. 295-302.

harvesting periods in the agricultural industries, and of all the activities dependent upon these. Similarly, weather conditions affect directly building activities, and indirectly coal mining and gas manufacture, through their influence on demand. A directly derived cause is the "periodicity of social and economic activities."¹ While usually these are immediately dependent upon climatic changes, there is a large number of cases in which mere custom, once seasonal periods exist, has maintained them after the original climatic necessity had disappeared. Thus wool sales take place six times a year in the British Isles on dates maintained by the force of custom alone.² The fluctuations of the "tyrannous and exacting demands of fashion" are similarly determined to a large extent by custom rather than by meteorological necessity.

The widespread effect of this seasonality, influencing during the course of a single year the volume of output in practically every industry, has not been thoroughly appreciated. Its presence even in trades far removed from direct connection with weather conditions is due to the close interlocking of the elements of modern industry, irregularity in one trade ramifying with varying intensity through all those connected with it.³

Certain characteristics of seasonal fluctuations may be briefly referred to. Not only do they vary in time between different trades, but in regularity and range. Fluctuations in industries characterized by large-scale production are less marked than in those in which small-scale production prevails.⁴ With the widening of a trade's industrial area,

¹ Webb, *Seasonal Trades*, p. 34.

² Cf. Beveridge, p. 34.

³ Cf. *Seasonal Trades*, p. 37.

⁴ *Ibid.*, p. 56.

both as regards sources of supply and markets, local fluctuations tend to neutralize each other, and the irregularity of the provincial stage tends to be lessened.¹ Seasonal irregularity, moreover, is not so marked in those industries in which the value of capital appliances is great² or in which the necessary labor is skilled and limited in supply.³ In both these cases it is to the employer's advantage to regularize his work throughout the year.

The relation of seasonal fluctuations to unemployment need not be extensively dwelt upon. A special committee of the Charity Organization Society, investigating unskilled labor, regarded the seasonal supply of commodities and the seasonal demand for commodities as two of the four chief causes of casual employment (*i. e.*, employment for an hour or a day) which is one of the most pernicious factors in present-day unemployment.⁴ Seasonality, with all other forms of irregularity of employment, tends to build up in each industry, and often for each employer, a reserve of labor — a “stagnant pool” — large enough to satisfy the total demand in the busiest season, and hence the source of unemployment and under-employment during the rest of the year.⁵ That the existence of these reserves is encouraged by employers for their own personal advantage is probably true in many cases.⁶ The throwing out of work of skilled men by seasonal fluctuations is an obvious cause of distress, for normally men of this type are not in a position to pick up casual jobs during the off-seasons. Proposals for relieving the unemployment due to these annual

¹ Cf. *Seasonal Trades*, p. 55.

² *Ibid.*, pp. 57-8. Cf. also Charity Organization Society, *Report of Special Committee on Unskilled Labor* (London, 1908), pp. 5-6.

³ *Ibid.*, p. 6.

⁴ *Ibid.*, p. 4.

⁵ Cf. *infra*, pp. 84-88.

⁶ Cf. *Seasonal Trades*, p. 60.

changes in the activity of different industries are dealt with at the end of this section.¹

Fluctuations in business and industrial activity have characterized the course of economic history since the beginning of the nineteenth century. In the wake of the depressions accompanying these fluctuations have been periods of widespread unemployment, prevailing in all trades at the same time. The evil effects of temporary seasonal depressions have been inconsiderable as compared with the results of three- or four-year periods of idleness or part-time employment. The causes of these periodic fluctuations are obscure and intangible, yet deeply founded in the modern industrial system. That they are obscure is best proved by the wide diversity of theories that trained economists have advanced to account for them. Discrepant opinions still persist. Merely the briefest resumé of a few of the most important current theories of business cycles can be here included.²

John A. Hobson gives these periodic depressions the central position in his analysis of the unemployment question. He deprecates the tendency to "fritter away the unity of a great subject" by a study of detailed facts, which leads to a failure to discern the true single cause of the various phenomena. Unemployment, he maintains, is but an aspect

¹*Seasonal Trades*, by Webb and Freeman, which has been quoted above, contains comprehensive descriptions of various trades in which there are marked seasonal fluctuations. The introduction by Miss Poyntz is of especial value.

Detailed data on seasonal irregularities in a number of trades are given in Charles Booth's *Life and Labour of the People in London*, vols. i, ii, iii, iv, second series (vols. v, vi, vii, viii of collected works), *passim*.

²Cf. W. C. Mitchell, *Business Cycles* (in University of California Memoirs, vol. 3, Berkeley, 1913), pp. 5-20, for a more comprehensive summary of current theories.

In order to round out the discussion of causes of cyclical fluctuations certain American theories will be advanced at this point, though this section is otherwise devoted to English theories.

of trade depression, and "under-consumption is the direct economic cause of the industrial malady."¹ His argument, in outline, is this: There is a right proportion between saving and spending in the income of an industrial community at any time, the right proportion being that at which the amount saved will adequately provide for the demand for final commodities on the part of the population in the calculable future, maintaining full employment for the factors of production. However, "the existence of a surplus income not earned by its recipients . . . has the effect of disturbing the economical adjustment between spending and saving," for the surplus received in active times by the small well-to-do class must perforce be saved, their gross income being greater than their spending power. This "over-saving" leads to large investment in the means of production, and the markets become congested with goods which cannot be sold at a profit, consumption having failed to keep pace with the power of production. Then comes a fall in prices, the incomes of the wealthy are reduced until excessive saving is stopped, and the glut is slowly worked off. During the period of depression there is a "simultaneous excess of all the factors of production;" this condition is the true problem of unemployment. "Over-saving is the proximate cause of that condition; the existence of surplus incomes is the ultimate cause."²

The cause of market glutting (beyond the possibility of sale at a profit) is laid by W. H. Beveridge at another door. He agrees that with the present amount and distribution of the national income "agencies for future production are

¹ *Problem of the Unemployed* (London, 1896), p. viii.

² Cf. also J. A. Hobson, *The Industrial System* (London, 1909), pp. 282-7. The most recent statement of Hobson's theory is given in this work.

set up in excess of present requirements." The reason, however, is found in the nature of competition. The attempt of a group of competing producers to "engross as large a share as possible of the market" leads sooner or later "to their joint production overshooting the demand and glutting the market."¹ Result the usual depression and unemployment until the accumulated stocks are cleared.

The majority of the Poor Law Commission, while recognizing trade cycles as an important factor in the unemployment problem, make no attempt to give a specific solution for this evil, merely pointing out that with the modern system of industrial organization, each individual catering to the wants of others whom he may never meet, the marvel is that supply and demand balance each other so well as they do, not that there are occasional maladjustments.²

Professor Pigou's reasoning on the subject of these fluctuations and their relation to unemployment is novel. The amount of the "aggregate wage-fund" (*i. e.*, the quantity of resources that a community is prepared at any time to devote to the purchase, at a given wage, of labor)³ is dependent upon the amount of the real income of the community and the degree of optimism which business men entertain as to the prospects of investment. Variations in both these factors (income and optimism) come about as the result of variations in the bounty of nature. In the conclusion that, in a considerable number of cases, booms in business confidence have their origin in good harvests, Pigou holds that "deduction and induction corroborate one another."⁴ He further contends that there is a large element of truth in Jevons' connection of cyclical move-

¹ W. H. Beveridge, *Unemployment*, p. 59.

² *Report of Royal Com. on Poor Laws*, pp. 423-4.

³ Pigou, *Unemployment*, pp. 113-4.

⁴ *Ibid.*, p. 115.

ments with solar changes. An additional point which is of importance in regard to the relation of these periodic depressions to unemployment is made by Pigou. "Cyclical movements of the general wage-fund tend to react with exceptional force upon the demand for labor in industries engaged in the production of instrumental goods."¹ This is true for two reasons: In the first place investments are the essential point of fluctuation, and it is in the production of these instrumental goods that investment becomes materialized. Secondly, variations in the demand for the production of new instrumental goods are larger partly because of the existence of a large stock of them, relative to the annual output, and partly from the fact that a period of boom adds to the stock and so confronts the ensuing period of depression with an enlarged initial supply.² His conclusion is that "A nation which concentrates upon the manufacture of the instruments of industry courts, thereby, a relatively heavy burden of unemployment."³

Of other explanations there have been many. Thus, "May ascribes crises to the disproportion between the increase in wages and in productivity, Aftalion to the diminishing marginal utility of an increasing supply of commodities, Bouniatian to over-capitalization, Spiethoff to over-production of industrial equipment and under-production of complimentary goods, Hull to high costs of construction, Lescure to declining prospects of profits, Veblen to a discrepancy between anticipated profits and current capitalization, Sombart to the unlike rhythm of production in the organic and inorganic realms, Carver to the dissimilar price fluctuations of producers' and consumers'

¹ Pigou, *Unemployment*, p. 112.

² *Ibid.*, pp. 110-2.

³ *Ibid.*, p. 112.

goods, Fisher to the slowness with which interest rates are adjusted to changes in the price level.”¹ Because of the extreme importance of this subject to the problem under consideration it seems advisable, even at the risk of covering ground that has been well trod, to summarize the explanation of business cycles given by Professor W. C. Mitchell. His explanation necessarily lacks the simplicity of the foregoing theories, for he holds that such fluctuations can only be understood when viewed as the result of the interaction of many and complex factors. The cycle may be traced through, starting at any one point:

Recovering from a period of depression we start with these conditions—a low price level, a low cost of doing business, narrow margins of profit, liberal bank reserves, a conservative business policy, moderate stocks of goods, and cautious buying. Given these conditions, with accumulated stocks exhausted, population growing, timidity slowly being forgotten, and the investment demand returning, an expansion in the physical volume of trade begins. This spreads cumulatively throughout the industrial world, returning to give new impetus where it started. A rise of prices, also spreading rapidly, results, larger profits being coined by producers because the rise in supplementary costs lags behind the rise in selling prices. Large profits and business optimism lead to an expansion of investments, and the physical volume of business is further swelled.

Stresses within the system of business begin to accumulate. The costs of doing business gradually increase; capital becomes scarcer and interest rates rise; the negotiation of securities becomes more difficult. Selling prices can be raised sufficiently to offset these stresses in most industries. But for an important minority prices cannot be raised or capital cannot be secured and the prospect of declining profits must

¹ Mitchell, *Business Cycles*, p. 19.

be faced. Credit, being based upon the capitalized value of present and prospective profits, begins to waver; investors become wary and press for a settlement of outstanding accounts.

With the liquidation of the huge credits that have been piled up, a crisis develops. Liquidating debtors put pressure upon their own debtors; other creditors take alarm. This liquidation and the resulting contraction may be accomplished without a violent wrench, or may be characterized by a financial panic if the banking organization be weak. In the latter case the evils of the crisis are intensified.

There follows a period during which depression spreads over the whole field of business and grows more severe. Wage-earners are discharged, family incomes fall, consumers' demand declines. Business demand and investment are curtailed. Prices fall, discouragement spreads, enterprise is checked. For two or three years industrial depression reigns and a severe condition of unemployment exists.¹

4. PROPOSED REMEDIES FOR UNEMPLOYMENT RESULTING FROM INDUSTRIAL FLUCTUATIONS

Of the remedies proposed for unemployment due to seasonal fluctuations, the discussion of two, those concerned with unemployment insurance and with relief for men during periods of unemployment, will be deferred until the general subject of causes of unemployment is concluded. Certain others which apply to both seasonal and cyclical fluctuations will be considered under the latter head.²

The outstanding proposal as to methods of dealing with seasonal fluctuations exclusively is that looking toward the organized dovetailing of the various seasonal occupations, so as to give the workers in seasonal trades subsidiary occu-

¹ W. C. Mitchell, *Business Cycles*, pp. 571-9. Most of the foregoing summary is given in Professor Mitchell's own words.

² Cf. *infra*, pp. 113-117.

pations for the off-seasons. On the basis of studies made by the Royal Commission on the Poor Laws and by some of his own students, Sidney Webb puts forward the "economic hypothesis" that "there is no seasonal slackness in the community as a whole,"¹ that the volume of employment in the aggregate is practically constant throughout the year. Since weekly or monthly we are all consuming the same amount in the aggregate, it follows that "we are setting to work, in the aggregate, the same amount of labour."² The annual distress, therefore, resulting from alternations of employment and slackness in separate trades, is due only to failures in adjustment, since the "seasons" in different trades completely neutralize each other. Intelligently organized mobility, secured by means of national labor exchanges, will thus be able to eliminate most of the distress of this character through the dovetailing of the different seasonal industries into each other.³

This contention that the aggregate demand for labor is constant throughout the year is specifically denied by Pigou, who asserts that "the cold weather of winter is predominantly a cause of contraction in the demand for labor, the area over which it cuts down demand being wider than that over which it augments demand."⁴ Even though the winter depressions are only partly offset, however, by activity in other trades, Pigou urges the efficacy of labor ex-

¹ *Seasonal Trades*, p. viii.

² *Ibid.*, p. ix.

³ J. A. Hobson in his latest book makes the same statement—that "the aggregate employment during any given year does not vary much" (*Work and Wealth*, N. Y., 1914, p. 230). Alternative trades for workers in irregular employment are suggested as being entirely feasible. That trades which are necessarily irregular should themselves carry the burden of the "labor reserve" needed is a further contention of Hobson.

⁴ Pigou, *Unemployment*, p. 109.

changes in increasing the mobility of labor. The dovetailing of seasonal occupations so as to provide employment throughout the year is also advocated by the majority of the Poor Law Commission.¹

While recognizing that this process of "deseasonalization" would involve the displacement of a large part of the men now engaged in seasonal occupations, Beveridge favors it, though uncertain as to the extent to which seasonal correlation can be carried.² The root, however, of the seasonal fluctuation problem, as Beveridge sees it, is under-employment, the living from hand to mouth even during the busy months. The worker regularly employed most of the year can provide in advance, either through direct saving or through trade-union benefits, for the slack season, but the under-employed casual has no opportunity to do this. On him falls the chief burden of seasonality. It is as a question of wages, therefore, that seasonal un-employment must be considered. The problem of casual employment lies at the heart of that of seasonal employment. With the remedying of the demoralizing conditions of casual employment will come an increase in the intelligence and foresight of the workers, which will result in their making adequate provision for foreseen periods of seasonal unemployment.³

A comprehensive discussion of the possible methods of obviating seasonality, or at least its most evil consequences is contained in the paper by Miss Poyntz in *Seasonal Trades*.⁴ The tendency of widening markets, large-scale production, the introduction of machinery, with the resulting increase in over-head expenses, to

¹ *Royal Commission on the Poor Law*, vol. i, p. 517.

² Beveridge, *Unemployment*, p. 210.

³ Cf. *infra*, pp. 90, 91, for Beveridge's decasualization proposals.

⁴ Pp. 55-69.

diminish seasonality has been mentioned.¹ The fact that adaptability on the part of the laboring force, as well as mobility, is needed for the success of dove-tailing operations is emphasized; industrial training for the furtherance of such adaptability is urged.²

Some of the most important of the proposals for enabling workers to meet seasonal depressions without the ill effects that characterize such phenomena at present are concerned as well with cyclical fluctuations. The various recommendations having to do with the unemployment that is a feature of one period of the business cycle are of two types, preventive and palliative. The preventive measures are those designed to do away with the cycle itself; the palliative measures are those proposed to relieve the accompanying distress. The former type will be briefly dealt with first.

Periodical depressions of industry have been and by many still are looked upon as inevitable—as the “shadow side of progress itself.” This, on the whole, is the view of Beveridge, who holds that “they probably cannot be eliminated without an entire reconstruction of the industrial order.”³ Many others of those writing on the subject of unemployment accept cyclical fluctuations, if not as inevitable, at least as outside the scope of their subject, insofar as other than merely palliative measures are concerned.⁴ There are those, however, who look upon these cyclical movements as preventable.

Pigou puts forward several proposals for lessening the magnitude of these fluctuations. His program includes

¹ Cf. *supra*, pp. 60, 61.

² Material too detailed for inclusion here is contained in some of the other valuable papers in *Seasonal Trades*.

³ Beveridge, *Unemployment*, p. 67.

⁴ Cf. *Report of Royal Commission on the Poor Laws*, p. 427.

three measures: The bond of credit, which is the material basis for the close interdependence of the various elements in the industrial community, should be weakened, for this interdependence is the cause of the widespread character of the distress resulting from depressions. An increased amount of cash business and a reduction in the average lengths of credits are suggested as methods of accomplishing this end. Secondly, an enlightened banking policy conducing to the same end is urged. His third remedial proposal aims at reducing the stimulus to business booms by denying to business men the "excess of prosperity" which they reap because of the reduced real interest paid on loans during a period of rising prices. Fisher's plan of "stabilizing the dollar" by making the standard coin virtually a token coin, while increasing or diminishing the mint price of bullion in accordance with variations in the index number of general prices, is advocated by Pigou as a means of preventing the stimulus to expansion given by these excess profits. He asserts that the lessening in the average volume of unemployment which would result from this change would compensate for the extra expense involved.¹

The remedy which J. A. Hobson proposes for unemployment is derived directly from his analysis of cyclical fluctuations. Surplus incomes—over-saving—under-consumption—this is the causal chain leading to unemployment. Hence, the only effective remedy for unemployment must be one which will strike at these causes and "correct the normal tendency of production to outrun consumption."² The ownership of increased consuming power is the vital point upon which the remedy must turn, and it must aim at a system under which "the power to consume shall be accompanied by the desire to consume."³ The

¹ Cf. Pigou, *Unemployment*, pp. 116-128.

² *The Industrial System*, p. 296. ³ *Problem of the Unemployed*, p. 99.

measures which are to accomplish this are of four types. The taxation of unearned incomes, the money so secured to be dispensed in raising the standard of public life, thus increasing consumption and discouraging over-saving, is the major remedy proposed. Relief works for the unemployed are advisable solely because they involve increased consumption and lowered production. The raising of wages is a second method by which the surplus income can be reduced and consumption increased. The general shortening of hours will have a like effect. Finally, the removal from the labor market of superabundant laborers—juvenile workers, inefficient and weaklings—will tend to reduce the “over-supply of current productive power.”¹

None of the other English writers on unemployment have attempted to advance programs for preventing these cyclical fluctuations. Mitchell enumerates several modern agencies which are giving us, by degrees, slightly greater control over “the complicated machinery of the money economy.” “Public regulation of the prospectuses of new companies, legislation . . . against fraudulent promotion, more rigid requirements on the part of stock exchanges regarding the securities admitted to official lists, more efficient agencies for giving investors information, and a more conservative policy on the part of the banks toward speculative booms,” together with the tendency toward “integration of industry,” are some of the factors making for the reduction of the magnitude of these fluctuations, and hence of value as preventives of unemployment.²

There remain to be considered the palliative remedies,

¹ *The Industrial System*, p. 298. Certain references in *Work and Wealth* (1914) to “the necessary elasticity of economic life,” “a certain amount of unavoidable unemployment,” etc., seem to show that Hobson does not look upon the complete elimination of unemployment as possible. Cf. pp. 229-30.

² Cf. *Business Cycles*, pp. 585-6.

those designed to mitigate the evil effects of industrial depressions.¹ Chief of these is the proposal so to manipulate production as to lessen the fluctuations in the demand for labor that accompany business cycles. This manipulation may be voluntary on the part of private producers, may be governmentally induced by means of bounties or taxes, or may be accomplished by means of the distribution of public (state or municipal) consumption. There are thus two types, manipulation from the side of production and manipulation from the side of consumption.²

The possibility of varying the volume of production depends upon the character of the good produced. If it be a perishable good, variation of production so as to offset fluctuations is, of course, impossible. For if the amount of labor engaged in the production of this good in certain districts be increased during periods of depression, the increased production will cause a lowering of prices, and production must fall off in some other districts.³ A decrease of production in good times will have a corresponding effect, so the desired balancing of fluctuations cannot be achieved in this way. The situation is different, however, where the good produced is a durable one, and storing is possible. In the production of staple, standardized articles, which are not costly to store nor subject to changes of fashion, the demoralizing effects of a fluctuating labor demand can be largely prevented through manufacture for stock. Pigou contends that the number of commodities which can be made for stock, either through increased standardization or increased storage facilities (*e. g.*, by refrigeration) is constantly increasing, with important result-

¹ As was mentioned above, certain of the remedies to be here enumerated apply to seasonal as well as cyclical fluctuations.

² *Cf.* Pigou, p. 175.

³ *Ibid.*, p. 176.

ing possibilities for the diminution of unemployment.¹ It was noted above² that making for stock is already widely practised by those firms whose overhead expenses, because of expensive machinery, *etc.*, are large, or which employ skilled labor which cannot be easily secured.³ This measure, obviously, can be applied either to seasonal or to cyclical depressions.

There is one further suggested method of manipulating production — governmental creation of new industries to act “as reservoirs of labor, as sources of an elastic demand able to expand and contract simultaneously as the demand in the rest of the labor market contracts and expands.”⁴ Attention should be called in advance to the fact that it is not the mere creation of new industries as such that is urged by those who suggest this method of relieving unemployment. Though proposals for the solution of the problem of unemployment through the opening of new sources of demand have been made at various times in the past, such views are virtually discarded today. Fluctuations and disorganization cannot be prevented by an increase in the number of ordinary industries “whose activity at any given moment is determined by the current demand for the goods produced.”⁵

The most definite proposal for the taking up, by the creation of governmental work, of the slack labor resulting from seasonal and cyclical fluctuations is made by Rowntree and Lasker.⁶ Their contention is that “any industry

¹ Pigou, *Unemployment*, pp. 100-3.

² P. 61.

³ Cf. *Seasonal Trades*, pp. 57-9.

⁴ Beveridge, p. 194.

⁵ Rowntree and Lasker, *Unemployment*, p. 73. Cf. also Beveridge, pp. 193-4.

⁶ *Unemployment*, pp. 73-9, 306-8.

in which the number of persons engaged can be modified without regard to the immediate state of trade" can be used as a means of maintaining a fair degree of equilibrium between the supply of and the demand for labor. In forestry, especially, they believe they have such an industry, and it is with it that their suggestion is chiefly concerned. From the *Report of the Royal Commission on Afforestation* they quote the statement that there are in Great Britain eight and one-half million acres suitable for afforestation. They estimate that during the period of planting 500,000 men could be employed at this work for four months each year, the number and length of time worked varying with the general state of trade. After the maturing of the trees (from 40 to 80 years after planting) 21,250 men would be employed permanently and 191,250 for four months each year. About nine-tenths of the employees would be temporary workers, a proportion similar to that prevailing in Belgium where a like scheme is at present in operation. The fundamental principles the authors lay down for all such work are that it should be needed, and that it should be conducted on business principles, not as relief work. Though such measures would only provide work for a certain class of laborers it is contended that their temporary absorption would immediately improve the prospects of those who were left.

The minority of the Royal Commission on the Poor Laws endorse a similar proposal for the carrying on of afforestation and land reclamation, though they advance the plan as one primarily for meeting cyclical depressions. The same warning against making these works relief works is sounded. The enterprises should be valuable in themselves, men suited to the work should be employed, and normal wages should be paid. The number employed each year should be based upon reports from the national labor

exchange as to conditions in the labor market. As an additional argument in favor of the scheme it is asserted that the work will actually be done cheaper, due to the fact that capital, which is unemployed just as labor is during periods of depression, can be secured at lower rates.¹

Beveridge takes emphatic exception to this proposal for governmental creation of new industries.² He advances three arguments against it: Such works, he contends, would inevitably become relief works, where inefficient men were paid more than they were worth.³ If an attempt were made to avoid this by hiring only men skilled in the work to be done, only a certain few trades would be benefitted, the general labor market being unaffected. Secondly, such industries could not act as reservoirs for the labor market unless employment in them were made less attractive than ordinary employment—that is, men would not flow out again when industrial conditions became better. (The very obvious expedient of discharge from state employment when general conditions bettered evidently did not occur to Beveridge.) His third objection is the most important and the one with the greatest validity. “To set up a reservoir of labor at the public cost,” he says, “is simply to perpetuate industrial disorganization.”⁴ The methods conducing to casual employment and demoralizing periods of idleness would be supported by affording a refuge to men during the periods of idleness. “The economic causes of unemployment are left untouched” by such measures. It

¹ *Minority Report*, part ii, pp. 284-6.

² Beveridge, *Unemployment*, pp. 193-7.

³ Valuable data concerning such works in the past are contained in the report by Cyril Jackson and J. C. Pringle on “The Effects of Employment or Assistance given to the Unemployed since 1886 as a means of Relieving Distress outside the Poor Law,” *Report of Royal Commission on the Poor Laws*, appendix, vol. xix.

⁴ Beveridge, *Unemployment*, p. 196.

is upon the disorganized condition of the labor market that Beveridge believes the first attack must be made.¹

Manipulation from the side of consumption is practically confined to manipulation of the demands of public authorities, national and municipal, though the similar distribution of railroad orders has been suggested. It may take the form of manipulation designed to regularize the public demand for a commodity or a service, manipulation designed deliberately to "casualize" public work which would normally be regular, so as to offset fluctuations in private work, or manipulation of normally irregular demands so as to accomplish the same end. Authorities are divided as to the advisability of each of these various types of governmental distribution of demands.

The radical policy of "deliberately introducing into the demands of public authorities fluctuations complementary to those occurring in private industry" is strongly advocated by the minority of the Poor Law Commission.² Proceeding from an estimate made by A. L. Bowley, they assert that if three or four per cent of the government orders were held back each year and concentrated on the slack years of industrial depression, unemployment due to cyclical fluctuations could be largely eliminated. In place of the policy of the past, in which no heed was paid by the government to the state of the labor market in letting its contracts, they urge the "earmarking" of about four million pounds a year of the money annually expended on works and services, to be set aside and spent during the lean years in private industry. The ultimate expenditure of the money — on government printing, buildings, battle-

¹ The reason for this stand by Mr. Beveridge will appear when his analysis of labor reserves is considered. Cf. *infra*, pp. 90, 91.

² *Minority Report*, part ii, pp. 280-4. Cf. also *Prevention of Destitution*, pp. 112-24; Mitchell, *Business Cycles*, pp. 586-7.

ships, telegraph and telephones, *etc.*—would be the same, but a consistently administered ten-year program would replace the present haphazard distribution of the national income. Though the minority admit that only the workers in certain industries would be directly helped, they contend that there would be given an automatic impetus to continuity of employment in all trades through the prevention of discontinuity in certain of the central trades. Here would be secured the “approximate uniformity, one year with another, in the aggregate demand for labor in the community as a whole,”¹ without which unemployment on a large scale cannot be prevented.

The majority of the Poor Law Commission take another view of the possibilities in this direction. The deliberate casualization of public work, the deliberate introduction of irregularities for the benefit of the intermittent laborer, is regarded as “pernicious.”² Only insofar as public work is normally irregular is it advisable, according to the majority, to attempt to counterbalance fluctuations in private industry by means of the distribution of public demands. They do agree, however, that that part of the public demand for labor which normally fluctuates should be made to “vary inversely with the demand in the open market.”

A very careful analysis of the various possible methods of manipulating governmental demands is made by Pigou.³ The first type of such manipulation mentioned above, that designed to regularize a public demand which is normally almost continuous in character, is unreservedly endorsed as a preventive of unemployment. The concentration of normally irregular demands upon the slack years is also advocated. To the minority plan for complementing private

¹ *Prevention of Destitution*, p. 114.

² *Cf. Report of Poor Law Commission*, part vi, ch. 4, vol. i, pp. 524-5.

³ Pigou, *Unemployment*, pp. 178-86.

fluctuations by the distribution of the public demands he gives a qualified approval. If there be a high degree of mobility in the labor force of a country, the "introduction of compensatory fluctuations" is advisable. However, if labor be immobile, if its movement between the centers of public demand and those of private demand be impeded, the introduction of fluctuations in public work will merely result in establishing other casual occupations, each the center of a separate labor reserve. The better developed the system of national labor exchanges, therefore, the more successful would be such plans as that of the minority. Pigou's reasoning on this point appears conclusive.

Another suggestion for preventing, or at least lessening, the extent of the unemployment due to industrial fluctuations is that for promoting the elasticity of wage rates. Pigou best develops this theory, and places the most emphasis upon it as a means of counteracting the evil effects of business depressions. We have seen ¹ that this economist considers all unemployment to be due to faulty adjustment between standard wage rates and rates normal to conditions of supply and demand in the labor market at any given time. If the demanded wage rate is in excess of that which would be established by all the laborers in a certain market competing among themselves for positions, with given demand conditions, unemployment will result, the amount of unemployment being dependent upon the amount of this excess. The possibility of maladjustment between standard rates and those rates at which every man would be employed is, of course, increased by fluctuations in the demand for labor. Hence, if rigid rates be maintained in the face of a falling demand, it is inevitable that a number of workers will be thrown out of employment. Pigou's conclusion is that "unemployment is likely to be

¹ Cf. *supra*, p. 49.

greater, the more rigidly wage-rates are maintained in the face of variations in the demand for labour.”¹

The two circumstances impeding the necessary plasticity of wages are the variability in the purchasing power of standard money, and the absence of harmonious co-operation between workers and employers.² Such lack of adjustment as is due to the failure of money wages to correspond to changing real wages might be in part at least obviated by the adoption of some such scheme as that of Fisher's for giving the dollar or pound a fixed purchasing power.³ The rigidity in wage rates due to the fact that employers and employees do not understand each other's problems, and do not attempt to adjust the scale of wages to demand fluctuations, is to be eliminated through a perfection of the methods of industrial peace. The general principle of the sliding scale is endorsed by Pigou as a means of securing this adjustment.⁴

Beveridge looks upon elasticity of wages as of minor importance, as his analysis of unemployment does not at all correspond with that of Pigou. He endorses the general principle of lower wages in bad times as one method of putting a premium on getting work done at the times when employment is slack, though urging the necessity of not impairing the general level of wages through such temporary concessions.⁵

¹ *Unemployment*, p. 77.

² *Ibid.*, pp. 79-88.

³ *Ibid.*, pp. 125-28.

⁴ Pigou regards the prevention of industrial disputes as vital to the prevention of unemployment. Not only is industrial peace advisable as a means of securing elasticity of wages, but only through such peace can the unemployment due to the stoppage of general industry by strikes in particular fields be done away with. A full discussion of his proposals for securing machinery for collective bargaining and conciliation is not possible in this paper. Cf. *Unemployment*, pp. 81-93, 128-146.

⁵ *Unemployment*, pp. 231-2.

The plans above discussed have all aimed at lessening the amount of unemployment itself. There remain to be considered two measures for the prevention of the distress caused by industrial fluctuations, namely, the averaging of work, and the development of a system of rural homes, with small farm plots, for city workers.¹

The averaging of work, by means of the elasticity of working hours, is a method of meeting fluctuations that has long been applied, though in limited fields. Coal mining and cotton spinning in England are conspicuous for their utilization of this measure. The method involves the employment of the full number of workers in a given industry, or factory, for fewer hours per week during periods of trade depression, instead of the retention of only a part of the force on full time. The work to be had is *averaged* over the whole force. Conversely, in times of abnormal industrial activity, the force necessary during normal times is worked longer hours, in preference to the employment of additional men. This latter policy prevents the drawing into an industry of a surplus labor reserve, the members of which can find employment only during the busy season.² The working of shorter hours in dull seasons is almost universally endorsed, but the policy of overtime in busy periods, which is urged as an essential element in the same scheme,³ is strongly opposed by some. This is particularly true of the trade unions. Systems of sharing work by "reducing the number of working hours per day per man" have been often resorted to by the unions.⁴ Yet overtime

¹ Two further measures, unemployment insurance and the general assistance of unemployed men, are taken up below, pp. 107-117.

² For a discussion of labor reserves, cf. *infra*, pp. 84-97.

³ Cf. Beveridge, pp. 220-2, and Pigou, pp. 186-8.

⁴ Cf. S. and B. Webb, *Industrial Democracy* (London, 1902), pp. 430-452, on "Continuity of Employment." Cf. also *Report of Poor Law Commission*, appendix, vol. ii, p. 124.

is an object of constant attack by the unions and their supporters. Miss Poyntz attributes seasonal irregularity in large part to this as a cause.¹ The minority of the Poor Law Commission take a similar stand, contending that legal limitation of overtime forces employers to regularize their work, and thus prevents excessive seasonal fluctuations.² Some very sound criticisms of the short-time expedient are made by Rowntree and Lasker. Their statistics show that its applicability is limited, in the main, to the highly organized trades. The chief dangers inherent in this method of meeting fluctuations are that it "places the whole burden of meeting the difficulty upon the workers, regardless of their individual ability to bear it," and "conceals the evil of unemployment while doing nothing to lessen it."³ A deterioration in the workers' standard of living is feared by these investigators if there be a general adoption of such a policy, though as a temporary expedient, within a limited field, it is practicable.

A second method of relieving the distress due to unemployment, while making no attempt to touch unemployment itself, is the planned "decentralization of town population" through the provision of plots of rural land as homes for town workers. Among the authorities dealing primarily with unemployment, Rowntree and Lasker are practically alone in their emphasis upon this measure, and in their careful exposition of the plan.⁴

When all the preventive measures have been worked out and applied, it is contended that fluctuations will persist, that manual laborers will have to face periods of unem-

¹ *Seasonal Trades*, p. 63.

² *Minority Report of Royal Commission on the Poor Laws* (Parliamentary edition), p. 1185, footnote. (Quoted, Pigou, p. 187.)

³ Rowntree and Lasker, *Unemployment*, pp. 79-80.

⁴ *Ibid.*, pp. 262-89.

ployment. Basing their opinion upon a careful study of conditions in Belgium, these authorities propose, as a method of preventing the deterioration and demoralization that accompany the periods of idleness of urban workers, a scheme enabling workers to reside in the country while working in the cities. There are three essential economic conditions involved in the working out of such a plan—the securing of land in small plots and in the desired localities, cheap and rapid transit between town and country, and the opportunity of securing capital upon easy terms for the erection of houses. That these conditions can be fulfilled in England as well as in Belgium is the fervent opinion of the two authors. The trouble involved is, to their minds, more than balanced by the unquestionable gains in the health and character of the working classes which could be secured under such a system.¹

A similar proposal, essentially for the purposes of counteracting the rural exodus, solving the agricultural labor problem and re-creating the old yeomanry, is elaborated by Miss Dunlop² in concluding a comprehensive analysis of the whole rural problem. Tenancy rather than ownership is requisite for the building up of a small farm system, Miss Dunlop claims, citing the failure of the Allotments Act of 1892 to prove the point. Greater success is looked for from the Small Holdings and Allotments Act of 1907, under the provisions of which 60,889 acres were acquired within two years. It is interesting to hear that the Small Holdings Commission, who are administering the Act, con-

¹ Their chapter on "A Valuable Suggestion from Belgium" embodies a big idea. It is interesting as the only one of their suggestions which goes back to that which they consider to be the fundamental cause of unemployment—synchronous idleness, or but partial utilization of the three factors in the creation of all wealth—land, labor and capital. Cf. p. 68.

² *The Farm Laborer*, pp. 221-52.

tend that the best method of establishing small holdings is through letting an area of land to a co-operative association for cultivation.¹

5. THE LABOR RESERVE

From the question of industrial fluctuations we pass to the third of the main causes of unemployment—the maintenance of labor reserves. The fact of the existence of chronic over-supplies of casual labor in various occupations, with resulting under-employment and destitution, has long been recognized. Booth and his co-workers, in their survey of the working people of London in the late 80's and early 90's, described it.² Sidney Webb, writing at about the same time, testified to "the fearful daily struggle for bread at the Dock gates."³ But the discovery of the reason for this "chronic and ubiquitous over-supply of casual labor," which the Webbs term "perhaps the most momentous of this generation in the realm of economic science,"⁴ was only recently made. It is Beveridge who has made the

¹ *The Farm Laborer*, p. 239. Kropotkin's *Fields, Factories and Workshops* (London, 1913), contains valuable data on the question of the small farm system. Cf. especially chs. iii, iv and v (pp. 79-240).

² Charles Booth, *Life and Labour of the People in London*, first series, "Poverty," 1892-3. Vol. i, pp. 37-50, a vivid description of the living and working conditions of the four lowest classes; pp. 146-155, on the causes of poverty; see especially p. 152 for a partial anticipation of Beveridge on labor reserves. Vol. iv, pp. 12-36, "The Docks," by Beatrice Potter (Mrs. Sidney Webb). See also vol. iii of second series (vol. vii of complete set), pp. 392-432, for a later description of dock labor. Second Series, "Industry," 1895-1903. Vol. i (vol. v of complete set), pp. 87-135, on conditions of employment in the building trades. Detailed descriptions of the different trades are given in vols. i, ii, iii, iv of the series (vol. v, vi, vii, viii of complete set). Vol. v (vol. ix of complete set) contains valuable material on the irregularity of earnings, pp. 228-262.

³ Sidney Webb, *The London Programme* (London, 1891), p. 7.

⁴ *Prevention of Destitution*, p. 130.

most original and most intensive studies in this field. Of the contemporary writers, none have materially added to Mr. Beveridge's analysis of the problem.¹

There are these observed facts to be explained: The distress from want of employment is chronic. An "irreducible minimum" of unemployment exists in all trades at all times. Trade-union statistics prove that this unemployment is due to loss of time by many, not to the chronic idleness of a few. The typical applicant to distress committees, moreover, is not unemployable, but industrial, a casual laborer. That this unemployment is due to an excessively rapid increase of population is disproved by known facts—unemployment in rapidly growing industries, increasing productivity of labor, and the rising remuneration of labor, which proves it to be of increasing importance in production.

The explanation of the existence of this irreducible minimum of unemployment is found in the labor reserve which tends to accumulate in modern industries. This reserve of labor is made up of "the men who within any given period are liable to be called on sometimes but are not required continuously."² Its size depends upon the number of separate employers, the irregularities of their separate businesses and of the industry as a whole, the relative mobility of labor, the average length of engagements, and the extent to which chance prevails in the hiring of workers. Conditions in any one of these respects may be such as to result in the development of a "stagnant pool" of labor in an industry; the size of the reserve may be increased by the cumulative action of any or all of the other factors. Beveridge's analysis of their separate and mutual effects upon the labor market may be briefly summarized:

¹ *Unemployment*, "The Reserve of Labor," ch. v, pp. 68-110.

² *Ibid.*, p. 102.

The number of workers who gather in any given center of the labor market will tend to equal the maximum number who may be able to obtain employment in that center. If each employer in a certain industry maintains his own center of employment, so that no man working for him works for any other employer in that industry, a separate reserve will be built up for each of them. If the volume of the business of each varies from day to day, week to week, or month to month, the number of workers employed and "at the gate" will tend to equal the maximum number employed during the busiest period. If the term of engagement is brief, and if the element of chance enters in the selection of workers, the matter is further complicated and the reserve is further swelled. With no discrimination whatsoever, every man will in the long run get as much employment as every other man. The number of competitors for positions in each given center of employment will, therefore, tend to increase until the average remuneration received by each reaches the subsistence level of the class of men employed. If the average pay be below this, certain men will have to withdraw; if it be above the subsistence level, newcomers, having equal chances for employment, will attach themselves to the industry.¹

Assume now that instead of each employer drawing his labor supply from his own reserve there is perfect mobility of labor within the given industry; the reserve will tend to equal the maximum number employed in the industry as a whole at the busiest season. The separate fluctuations of individual employers will here partially neutralize each

¹ It should be noted that the greater the degree of skill required, and the stronger the barriers to admittance to the given occupation, the less applicable is this reasoning. The casual occupations are largely residual in character, however; being unskilled, they are subject to "constant and unlimited pressure of competition downwards from every other grade of industry."

other, and so cut down the necessary reserve. The author illustrates this point by assuming ten centers of casual employment, each employing a minimum of 50 men and a maximum of 100 men. A total force of 1000 men will thus be maintained. In the industry as a whole, however, the minimum number employed is 700, the maximum 800. With perfect fluidity of labor a reserve of 100 men will suffice, and the extra 200 men who have been living in an under-employed condition forced out.¹ Thus, the greater the degree of mobility of labor, the smaller will be the necessary reserve maintained in an industry. An excessive element of chance, complete absence of selection in employment, would, of course, vitiate the favorable results of mobility in the cutting down of the reserve.

On the basis of this reasoning Beveridge distinguishes three elements in the total reserve of labor for any occupation: those men representing fluctuations in the total volume of work in the industry as a whole; those representing the element of friction in the labor market; and those "attracted and retained by the perpetual chance of work."²

This tendency toward the accumulation of reserves exists in varying degrees of strength in practically all industries, though seen in its most vicious forms in the casual occupations. The reserve as such is a "normal industrial phenomenon," necessary in all the industries liable to fluctuations in volume. This needed power in a given industry may be maintained, without producing distress, either through a high wage level, unemployment insurance, or elasticity of hours. Usually, however, faulty methods of

¹ Beveridge, pp. 77-8.

² *Ibid.*, p. 81. Beveridge illustrates and emphasizes his arguments on these points by reference to the conditions at the London Docks, where all the factors giving rise to labor reserves may be seen in active operation.

securing the reserve power are resorted to; the men of the reserve suffer a continuous "leakage of employment," and there results the demoralizing evil of under-employment—the reduction of earnings to, or even below, the level of bare subsistence. Though all the members of a labor reserve are subject to irregularity of employment, it is only that element which is called on "often enough to be prevented from drifting away elsewhere, but not often enough to obtain a decent living"¹ which constitute the "under-employed." It is in the casual occupation, to which entrance is free and in which every one has a chance of securing work, that the incessant competition of low subsistence standards works out in demoralizing under-employment.

The deteriorating effect of unemployment will be touched upon in considering the personal factor.² The same vicious reaction upon personal character, the perpetuation and intensification of the conditions conducing to reduce individuals to casual work, is characteristic of under-employment. Wages are inefficiently spent; wives and children are forced into industry; the securing of public relief prompts a descent into the unemployable class. Finally, there is the fact that in a world where chance rules supreme, where "the good are not more successful in securing work than the evil," personal merit and honesty are almost drawbacks. "No class in the community," says the minority of the Poor Law Commission, "could withstand the demoralizing influence of such a view of life and such a system."³

Beveridge's analysis of the labor reserves is, as has been noted, the most comprehensive. Pigou's approach to the problem is somewhat different, his method involving far more of abstract reasoning than does that of the practical

¹ Beveridge, p. 106.

² Cf. *infra*, pp. 100, 102.

³ *Minority Report*, pt. ii, p. 218.

unemployment relief administrator, Mr. Beveridge. Professor Pigou points out a double cause for the origin of reserves. He considers that unemployment is due to lack of adjustment between demanded or established wage rates and the normal competitive rates at which all workers in a given market could secure employment.¹ If, now, in any given occupation the actual wage has been raised artificially above the level ruling for similar work elsewhere, new men will be drawn into the occupation until the *expectation of earnings* ("the wage rate multiplied by the chance of employment") is reduced to the level of earnings that prevail outside.² If the artificial increase be ten per cent, ten per cent of the men assembled there will, on the average, be unemployed. This holds true, however, only where the method of engagement is of the casual type. Where effective barriers are maintained, even though the attractive force of high wages is felt, an inflow of workers will be prevented.

Closely allied with this cause of labor reserves is another factor, that of industrial fluctuations. The rates in occupations giving irregular employment must be higher than those affording regular employment for two reasons — to compensate for greater uncertainty of employment, and to build up reserves which can be used in busy times. Thus the wage rate in fluctuating occupations will be such as to attach to such occupations "a number of work-people roughly intermediate between the number for whom employment at that rate can be found in good times and in bad times, respectively."³ Wage rates above normal are thus the prime cause of the creation of reserves of labor, according to Pigou's reasoning.

¹ Cf. *supra*, p. 49.

² Pigou, *Unemployment*, pp. 54-7.

³ *Ibid.*, p. 97.

The minority of the Poor Law Commission accept Beveridge's analysis of labor reserves unqualifiedly. Both majority and minority reports condemn in strong words the system which creates these "stagnant pools" of labor, and subjects industrial workers to the enervating influence of chronic under-employment. Three sets of special investigators were sent out by the Royal Commission to work on unemployment and allied problems. "All these inquirers . . . , starting on different lines of investigation and pursuing their researches independently all over the kingdom . . . came, without concert, to the same conclusion, namely, that of all the causes or conditions predisposing to pauperism, the most potent, the most certain, and the most extensive in its operation was this method of employment in odd jobs." "All these (other) conditions (low wages, insanitary conditions, excessive hours of labor, outdoor relief, drunkenness) injurious though they are in other respects, were not found, if combined with reasonable regularity of employment, to lead in any marked degree to the creation of pauperism."¹

6. PROPOSED REMEDIES FOR UNDER-EMPLOYMENT

7 The system of labor reserves has a bearing upon the problem of unemployment only in that it is the chief factor in the creation of under-employment. It is not the reserves of labor which are to be done away with, therefore, but the resulting evils. The problem, Beveridge says, is essentially one of business organization—"that of providing a reserve

¹ *Minority Report*, pt. ii, pp. 195-6. A study of the many questions concerning casual labor, under-employment, etc., which are connected with the subject of labor reserves cannot be entered upon here. In addition to the references quoted, valuable material on the subject, statistical and otherwise, can be found in the *Report of the Special Committee on Unskilled Labor*, Charity Organization Society (London, 1908); cf. also *Report of the Royal Commission on the Poor Laws*, pt. vi, ch. i (vol. i, pp. 427-31); *Prevention of Destitution*, pp. 129-33.

of labor power to meet fluctuations in such a way as not to involve distress.”¹ It is an industrial method which is to be reformed.

The remedying of the baneful results of the present labor-reserve system involves three distinct steps. First must come the organization of the labor market, the securing of organized fluidity of labor by means of a national system of labor exchanges. Secondly, a policy of “de-casualization” must be carried through, a strict system of concentrating all irregular work upon the smallest possible number of men necessary. Lastly, provision must be made for the absorption of the surplus of casual labor who are excluded from the chance of work by the enforcement of the policy of concentration involved in decasualization.

The advisability of a national system of labor exchanges² has been touched upon in considering other causes of unemployment. By means of these exchanges men thrown out of employment by changes of industrial structure³ may be guided to new occupations. Men turned out because of advancing age⁴ can be fitted into old men’s places, which can be ferreted out by such agencies. Juvenile workers⁵ can be advised as to industrial opportunities, and the flowing stream of entrants into industry can be guided into channels where permanent work awaits them. The dovetailing of seasonal industries and the provision of subsidiary occupations⁶ can be best attempted through such a system.

But it is with the men of markedly discontinuous employment, the men who are chronically under-employed,

¹ Beveridge, *Unemployment*, p. 110.

² Cf. *supra*, p. 37, for a summary of the provisions of the Labor Exchanges Act.

³ *Supra*, p. 53.

⁴ *Supra*, p. 54.

⁵ *Supra*, p. 37.

⁶ *Supra*, pp. 67, 68.

that a labor-exchange system "reaches its highest utility." Frederick Harrison has forcefully described the condition of the men of this class. "In most cases the seller of a commodity can sell it or carry it about from place to place and market to market with perfect ease. He need not be on the spot; he can generally send a sample; he usually treats by correspondence. . . . It is totally otherwise with a day laborer. . . . He must himself be present at every market, which means costly personal locomotion. He cannot correspond with his employer; he cannot send a sample of his strength; nor do employers knock at his cottage door."¹ It is with this class that the system of personal application, of labor-hawking, of aimless and undirected wandering in search of work universally persists. Mobility in the labor market, which has been "demanded by economists since Adam Smith," is secured with the maximum of friction and the maximum of distress among the working classes. The consensus of opinion is so strongly in favor of a national co-operating system of free labor exchanges that little space need be given here to the various arguments in favor of it. The majority of the Poor Law Commission look upon a comprehensive system for assisting the mobility of labor, "based upon industrial supply and demand" as imperatively necessary.² The minority express even more emphatically the need of such a system.³ Professor Pigou states that organized and intelligent fluidity of labor would make unnecessary the maintenance in irregular occupations of wage rates so far above the normal as to retain a reserve of labor for use during busy seasons.⁴

¹ Quoted, F. A. Walker, *The Wages Question* (N. Y., 1886), pp. 183-4.

² *Report of Poor Law Commission*, pt. vi, ch. 4 (vol. i, pp. 505-17).

³ *Minority Report*, pt. ii, pp. 248-67. Cf. also *Prevention of Destitution*, ch. vi, *passim*.

⁴ Pigou, *Unemployment*, pp. 146-70. A. L. Bowley, in an article on

An adequate national system of labor exchanges having once been established, the enforcement of a policy of strict decasualization is the next step necessary for the elimination of under-employment.

The irregularity of demand which lies at the root of under-employment cannot be prevented. But, through the agency of the labor exchanges, the separate reserves of labor maintained by the individual employers for the purpose of meeting these fluctuations can be replaced by one common reservoir. "The Stagnant Pools of labor can be drained,"¹ if each group of similar employers secure all their irregular men from this common center. The Webbs propose that the hiring of men for irregular jobs at the government labor exchanges be made compulsory upon employers. Only in case a minimum period of employment of one month were guaranteed (subject to dismissal for misconduct, *etc.*) could employers hire men through other channels.² An equally strong plea for compulsion is made

"Wages and the Mobility of Labor" (*Economic Journal*, March 1912, pp. 46-52) throws some light upon the probable reflex influence of greater mobility upon the elasticity of wages and upon the amount of unemployment, which is of particular interest in connection with Professor Pigou's analysis of unemployment as depending upon wage rates. In cases of increasing return, claims Mr. Bowley, the ultimate effect of mobility is to cause wages to rise to a higher level than previously, in the better-paid districts. In cases of constant or diminishing return the rate of wages ultimately falls in the district of immigration. (Labor is assumed to flow from the regions of low wages to those of higher wages.) His conclusion as regards the amount of unemployment is that it will be diminished, and total employment will be increased, by increasing mobility of labor, provided that there is a possibility of increasing return, and that the local labor supply in the district of immigration is inadequate for the full development of the industries of the region.

¹ *Minority Report*, pt. ii, p. 261.

² *Ibid.*, pp. 261-2. Cf. also the testimony of Sidney Webb before the Royal Commission on the Poor Laws (appendix, vol. ix, pp. 194-5).

by Beveridge. "If the thing cannot be done voluntarily it will have to be done, and will be done, compulsorily. A new clause in the Factory Code, *e. g.*, that no man should be engaged for less than a week or a month unless he were taken from a recognized labor exchange, would be a legitimate and unobjectionable extension of the principle that the state may and must proscribe conditions of employment which are disastrous to the souls and bodies of its citizens."¹ The majority of the Poor Law Commission, it is worthy of note, report against such compulsion.²

Once it were secured that all casual labor was hired at but one center (or at several co-operating centers), the second step in the decasualization process could be taken. Upon certain men, selected on the basis of efficiency, employment would be concentrated. ". . . successive jobs under different employers should, so far as possible, be made to go in succession to the same individual, instead of being spread over several men, each idle half, or more than half, his time."³ A definite number of regularly employed men, securing steady incomes, free of the demoralizing influences of uncertainty and irregularity of work and income, would replace the heterogeneous mass of under-employed, irresponsible and industrially deteriorating casu-als.

The five elements in the problem of the labor reserve were noted above.⁴ What will be the effect on each of such a policy—concentration of work through the agency of the labor exchanges? The many separate centers of employment are replaced by one center in each district. The

¹ *Contemporary Review*, April 1908, p. 392. (Quoted, Pigou, pp. 159-60.)

² *Report of Royal Commission on the Poor Laws*, pt. vi, ch. 4.

³ Beveridge, p. 201.

⁴ *Cf. supra*, p. 85.

lack of mobility of labor is transformed into "orgagnized fluidity." The short-term engagements continue (though employment for longer periods is encouraged by the compulsory employment at the labor bureau of short-job men) but many short-term jobs are combined, to give fairly regular employment to the individuals securing work. There is still irregularity in the separate businesses, but their fluctuations can be used mutually to offset each other by dovetailing through the exchanges. And, finally, the vicious system of chance engagements, with its virtual premium upon personal irregularity, gives way to a method under which the strictest sort of personal responsibility can be enforced. With the policy of concentration of employment upon the minimum number necessary, the managers of the labor bureaus will soon weed out those held to be dishonest, inefficient and unreliable.¹ Only in such a policy as this (decasualization through a national system of labor exchanges), says Beveridge, is to be found the remedy for "the most urgent part of the unemployed problem—the chronic poverty of the casual laborer."²

There remains for consideration the most important difficulty in the way of the enforcement of a decasualization policy—that of finding ways and means for the absorption of the surplus. For, inevitably, the concentration of employment upon some means the complete displacement of others.

Beveridge supports the decasualization policy on the general principle that "on any view of society, one man well fed and capable is preferable to two on half rations."³ If the men forced out find work elsewhere, well and good. If they do not find work, it is either because they are ineffi-

¹ Cf. *Minority Report*, pt. ii, pp. 266-7.

² Beveridge, *Unemployment*, p. 201.

³ *Ibid.*, p. 204.

cient or because there is an actual surplus of labor in the country. If inefficient, society should know it and should care for them, at least to the extent of preventing the bringing-up "in semi-starvation of fresh generations of inefficients." If the forced-out men constitute a real surplus, they should be left no alternative but emigration. However, Beveridge states, in the actual enforcement of decasualization, discrimination as to the time and degree of application can be exercised. In good times it can be hastened; afforestation and other schemes providing fresh openings for labor can be utilized in the disposition of the surplus; emigration can be encouraged. His conclusion is that even though hardship on certain individuals be involved, the ultimate advantage of securing a minimum continuity of employment for those who are left outweighs the temporary difficulties.¹

The proposal to dispose of the surplus by means of emigration is made by various writers. Stanley C. Johnson, who has made a most intensive study² of emigration from the British Isles to the North American continent concludes that ". . . of all the members of our community who are at present unemployed, only a small section would be able to benefit by any system of emigration to America which might be proposed."³ Mr. Johnson's conclusion is based upon the Webbs' analysis of the types of unemployed men and his own researches as to the qualities required for successful emigration. He quotes approvingly Mr. Herbert Samuel's reservation in the *Report on Agricultural Settlements*: "An increase of numbers has not added to the degree of unemployment. A decrease of numbers does not

¹ Cf. Beveridge, *Unemployment*, pp. 199-209.

² *A History of Emigration from the United Kingdom to North America, 1763-1912* (London, 1913).

³ *Ibid.*, p. 303.

promise to reduce it.”¹ Holding that as yet there is no serious overcrowding, Mr. Johnson directly implies that the surplus resulting from decasualization can be utilized to advantage at home.²

This question of absorbing the surplus is taken up very comprehensively in the report of the minority of the Poor Law Commission. With the exception of Rowntree and Lasker, who touch upon the possibility of putting the surplus, or an equivalent number, upon the land,³ the subject is not developed by other contemporary English authorities. The inclusion of a summary of the minority plan is, therefore, deemed advisable.

It is the belief of the Webbs and the subscribers to their report that “there exists in the United Kingdom today no inconsiderable surplus of labor—not, indeed, of workmen who could not with an improved organization of industry be productively employed, but of workmen who are, as a matter of fact, now chronically under-employed.”⁴ “The surplus of labor power which already exists in the partial idleness of huge reserves of under-employed men . . . will then (after decasualization) for the first time stand revealed and identified in the complete idleness of a smaller number of wholly displaced individuals.”⁵ Three social reforms are proposed, by the adoption of which, concurrently with the adoption of the measures aimed at unemployment directly, the Webbs believe this surplus can be absorbed.

¹ *A History of Emigration, op. cit.*, p. 305.

² The valuable statistics and comments which are given in Mr. Johnson's book throw an interesting light on the emigration from the United Kingdom. Though its relation to unemployment and poor-law administration is not emphasized, material of value on these subjects is contained in the book.

³ Rowntree and Lasker, *Unemployment*, p. 142; cf. also *supra*, p. 82.

⁴ *Minority Report*, pt. ii, p. 268.

⁵ *Ibid.*, p. 268.

1. *The Halving of Boy and Girl Labor*

The evils of the system under which juveniles work, the tendency of modern industry to turn out boys as unskilled laborers, are emphasized throughout by the the minority. With the apprenticeship system broken down, it is claimed that the necessary training between the ages of fifteen and eighteen can only be provided by the community itself.¹ The proposal of the authors is to "shorten the legally permissible hours of employment for boys, and . . . (to) require them to spend the hours so set free in physical and technological training."² If this plan were adopted at the same time as those aiming at the decasualization of industry, not only would the obvious and all-important educational advantages be secured, but one-half of the employment previously had by juveniles would be open to the men turned out by the decasualization process.³

2. *The Reduction of the Hours of Labor of Railway and Tramway Servants*

While stating that a gradual reduction in the daily hours of labor is coming about, the authors state that this has little bearing on unemployment and none at all on underemployment. Though the working hours have in the past been reduced, "the number of men employed has not thereby been increased."⁴ The Webbs do contend, how-

¹ *Minority Report*, p. 271.² *Ibid.*, p. 272; cf. *supra*, p. 58.³ *Ibid.*, pp. 274-5.⁴ *Ibid.*, p. 275. This is even more emphatically stated in Mr. Webb's closing address at the 1912 Conference on the Prevention of Destitution. "He . . . emphasize(d) the fact that a reduction of the hours of labor could not do anything whatsoever to prevent the occurrence of unemployment. . . . The causes which produced unemployment would still go on, even if they reduced the hours of labor to four per day." (*National Conference on the Prevention of Destitution (1912), Papers and Proceedings* [London, 1912], p. 473). It is interesting to note the complete right-about-face that Mr. Webb has made in this

ever, that in one great industry, that of the railway service, together with the allied omnibus and tramway services, the reduction of the present excessive hours would actually increase the number of men required, and thereby afford an opportunity for the absorption of some of the surplus labor resulting from the decasualizing process.

3. *The Withdrawal from Industrial Wage Earning of the Mothers of Young Children*

The "boarding out" of the children of widows and deserted wives with their own mothers upon a stipend sufficient for their full support, with the consequent withdrawal of these women from industry, is urged as a third measure which will give openings for the absorption of the surplus. The inadequacy of the relief at present given under the poor law, combined with chronic under-employment of the husbands of many women with young children, has forced thousands of these persons into industrial life. Their withdrawal, which is of itself extremely desirable, should take place concurrently with the unemployment relief measures.¹

regard. In *The Eight Hours Day* by Sidney Webb and Harold Cox (London, 1891) we find the following opinions expressed: "That a reduction in the hours of labor, when it results in a diminution in average productivity, does result in the employment of additional workers is proved by innumerable instances" (p. 108). "... several instances of the beneficial results of limiting the hours of labor in this very matter of providing for the unemployed" are given in a footnote (p. 108). Again (p. 112), the authors speak of "the necessary absorption of a portion of the reserve army of industry," the unemployed, and the partially employed which would result from an eight-hour bill. This contention which the Webbs at present hold to be fallacious is repeated in many places in this earlier work.

¹ *Minority Report*, pp. 278-80. Cf. also *Prevention of Destitution*, pp. 132-7. Certain remedies for the evils of the casual-labor system, as well as for other factors in destitution, are proposed by Booth in his first report upon the conditions of the poor in London. Charles Booth, *Life and Labour of the People in London*, vol. i (first series), pp. 162-171.

7. THE PERSONAL EQUATION IN THE PROBLEM OF
UNEMPLOYMENT

There have been considered above those general factors in unemployment which are essentially industrial in their nature, which, as causes of unemployment, have at least no direct connection with the individual. It has been largely with the character of the demand for labor, and with changes in that demand, that the study has been engaged. The supply of labor, with reference to the bearing of the personal factor both on the volume of unemployment and upon the incidence of unemployment, is now to be considered.

This study of the relation of personal character to unemployment is greatly complicated by the fact that there is a strong reflex influence of unemployment and irregular employment upon the individual, a reaction which makes it difficult to state positively which is dominantly cause and which is primarily result—defective personality or unemployment. This difficulty, which will be referred to later, must be kept in mind in the following discussion.

That personal deficiencies¹ do increase the total volume of unemployment is generally agreed upon, though Beveridge takes care to emphasize the relative unimportance of this factor, stating that “. . . no conceivable improvement in the character of workmen will eliminate the main economic factors in unemployment.”² In two ways personal failings may increase the volume of unemployment. In the first place, gross unwillingness to work on the part of a parasitic class of criminals and vagrants, and the unwillingness of a grade of individuals slightly higher in the scale

¹ Physical incapacity is not included under the term “personal deficiency” as here used.

² Beveridge, *Unemployment*, p. 138.

to work continuously will obviously have this effect.¹ Secondly, personal factors common in a greater or less degree to all men, such as lack of enterprise and lack of adaptability, increase the amount of unemployment by setting up frictions in the labor market.² This evil, though more difficult to isolate and study than the first named, is none the less of importance.

The unemployable class, who belong in the first division named above, have been objects of much discussion, and have been by some looked upon as the fundamental element in the whole problem of unemployment. A full discussion of this subject is beyond the scope of this paper, but certain diverse views as to the make-up of the class may be mentioned.

W. H. Dawson, in his book *The Vagrancy Problem*,³ classifies the unemployable into four types: the nomad vagabond, who lives by begging, blackmail and pillage; the settled resident loafer of the towns; the intermittent loafer, who usually has a dependent family; and the female vagrant.⁴ Mr. Dawson, whose strongly repressive policy of relief will be dealt with later, does not attempt to delve back into the causes for the existence of these types.⁵

¹ Pigou omits from his book any discussion of these types, for, by his definition, unemployment means "involuntary idleness" only.

² Cf. Beveridge, p. 137.

³ (London, 1910.)

⁴ *The Vagrancy Problem*, pp. 2-5.

⁵ There is a mass of literature in the field of vagrancy, a subject which can merely be mentioned here. C. J. Ribton-Turner, in *A History of Vagrants and Vagrancy* (London, 1887), gives an interesting study of the tramp problem in England and in continental Europe. Josiah Flynt Willard's *Tramping with Tramps* (N. Y., 1901) is a fascinating picture of vagrant life in various countries as seen from within. The *Report of the Departmental Committee on Vagrancy* (London, 1906) records an intensive survey of vagrancy in Great Britain.

The minority of the Poor Law Commission approach the problem in another way, classifying the unemployable on the basis of the industrial route traveled before becoming units in this "wastage of the wage-earning class." Their analysis indicates a primary emphasis upon the reflex influence of periods of idleness as the cause of personal deficiencies. The first division consists of those who in the prime of life drop into the unemployable class. From the men who have lost permanent positions through industrial or business changes there is a small but steady stream.¹ From the "Men of Discontinuous Employment," making high wages while at work but with incessantly recurring periods of idleness, the descent is more rapid.² Personal weaknesses and shortcomings play a part here, giving the degenerating influences fuller play than they would otherwise have. It is the under-employed, however, who are the most prolific source of unemployables.³ Though individual weaknesses are of some importance here, also, the fundamental cause of degeneracy is the system under which the men of this class work. Charity Organization Society workers testified: "It is not that the casual man has a larger dose of original sin than his fellows; it is that he is exactly what any other class in the community would become . . . were they submitted for any length of time to the same system of employment."⁴ The willingness of the wife to work, and the opportunity to keep her at work once she has started, are factors that were found to make the road to the unemployable class much easier to travel.

The second source of unemployables, according to the minority analysis, is graduation from adolescence into that

¹ *Minority Report*, pt. ii, pp. 214-5.

² *Ibid.*, pp. 215-17.

³ *Ibid.*, pp. 217-18.

⁴ *Ibid.*, p. 217.

class. The general subject of "blind-alley" employment, lack of industrial training, and consequent demoralization has been considered above.¹ The men who gravitate into the unemployable class from the premature appearance of old age² form the third of the types of unemployables. This subject has also been touched upon, and need not be further considered here.³

Whatever the ultimate source of this class, however, whether industrial disorganization or personal weakness, it exists and is a factor serving to increase somewhat the aggregate volume of unemployment occurring at any one time.⁴

In its effect upon the incidence of unemployment the personal element is of obvious importance. The "selective influence of personal character" is all pervasive. The weaker workers in factory, store or office are first turned out when industry or business slackens. Even in busy times it is the less efficient workers who form the "casual fringe" about all industries, and who bear the burden of the minor industrial fluctuations. Here again the unfortunate reflex influence of the periods of unemployment is seen. Idle because of their weaknesses, these weaker brothers have their inferiorities accentuated by their idleness.⁵ Thus unemploy-

¹ *Cf. supra*, p. 54 *et seq.*

² *Minority Report*, p. 214.

³ *Cf. supra*, p. 54.

⁴ The number in the permanent vagrant class was placed at from 20,000 to 30,000 in Great Britain as a whole, by the Departmental Committee on Vagrancy which reported in 1906. The figures on this subject given by Rowntree and Lasker in their survey of York are interesting. They found important faults of character among 18.6% of the unemployed regular workers (pp. 54-5). Among the "work-shy," moral delinquency due to poor heredity, degrading environment, and faulty education was an outstanding feature (pp. 173-193).

⁵ *Cf. Beveridge*, pp. 138-43.

ment and individual failings perpetuate each other in a vicious circle of cumulative interaction.

8. PROPOSED REMEDIES FOR UNEMPLOYMENT DUE TO PERSONAL FAILINGS

The first step to be taken in the campaign against the unemployables is the elimination of those factors which are manufacturing, say the minority,¹ a new generation of this class every ten or twelve years. Proposed reforms to accomplish this end include industrial training, and all those perfections of industrial machinery "which increase a man's chance of getting work, and which improve his condition when unemployed and reduce the likelihood of demoralization."²

Through these reforms in industrial machinery, moreover, especially through the organization of the labor market, the problem of the unemployable can be isolated. Decasualization will make it impossible for the semi-unemployable to work two or three days a week. The incompetent casual will be forced out of industry and the necessary disciplinary treatment can be given him.³ Vagabond wandering can be prevented, since the excuse of seeking employment cannot be given if transportation is advanced through the labor exchanges to all men securing positions in outlying parts of the country.⁴ By making registration at the labor exchange a prerequisite to the receipt of any form of public assistance, the personal responsibility of husband and father can be brought home, and this more subtle form of vagrancy eliminated.⁵

¹ *Minority Report*, pt. ii, p. 214.

² Rowntree and Lasker, *Unemployed*, p. 198. The latter measures, dealing with men while unemployed, are discussed below (pp. 113-117); the general reforms referred to have been outlined above.

³ *Cf.* Beveridge, p. 215.

⁴ *Minority Report*, pt. ii, p. 265.

⁵ *Ibid.*, pp. 266-7.

With industry thus organized so that the unemployable is marked off, and steps taken to prevent the re-creation of the type, the problem of dealing with the present generation of the "work-shy" remains. As to remedies we have a rather sharp division into camps, though there is some considerable area of common agreement.

A system of detention colonies to be used in conjunction with the voluntary training schools and farm colonies for the unemployed¹ is generally agreed upon as necessary. The difference of opinion comes in regard to the character and administrative policy of these colonies. On the one side stand the Departmental Committee on Vagrancy, which reported in 1906 after a searching investigation, and the majority of the Poor Law Commission of 1909. The general principle on which they stand, that of repression, is voiced by W. H. Dawson: ". . . society is justified, in its own interest, in legislating the loafer out of existence."² To attain this end, forced labor colonies modeled on continental plans and administered by the police as penal institutions are recommended. Short sentences are deprecated, committal of vagrants for from six months to three years being urged. The existing casual wards, except insofar as transitionally necessary, are to be discontinued, cheap hotels for genuine wayfarers taking their place. Within the colonies men are to be engaged in industrial and agricultural trades, though competition with free industry is to be avoided.³

¹ This subject is closely allied to that dealing with the general treatment of unemployed men (*infra*, pp. 113-117), but it is deemed best to consider it at this time. In practice the administration of the two systems might be closely connected.

² *Vagrancy Problem*, p. ix.

³ The Departmental Committee on Vagrancy, The majority of the Poor Law Commission, and W. H. Dawson are, with slight differences of opinion, agreed on this general type of treatment. For a summary

Leaning toward a somewhat less severe policy, aiming not to punish but rather to cure the men of this class of the "morbid frame of mind" which has caused them to become "work-shy," the minority propose detention colonies similar in their general constitution to those referred to above but administered primarily as training establishments and having nothing to do with the police authorities.¹ Continuous employment is to be given and rigorous discipline is to prevail. Good conduct will be rewarded by promotion to one of the free training establishments. A similar method of dealing with vagrants was advocated by Edmond Kelly.² He emphatically emphasized the reformation side of the work and urged the absolute separation of the colonies from both penitentiaries and workhouses.

As to the treatment of the problem of the personal factor in unemployment there are, thus, certain differences of opinion, but the broad path of general policy is clear. The industrial conditions creating the type need to be dealt with; by means of better labor market organization the present generation of "work-shys" should be isolated for separate treatment; these should be subjected to rigorous disciplinary detention, with training aiming at regeneration of those who can be re-made into efficient workers. Those personal failings in all workers which increase the frictions of industrial

of the report of the former, *cf.* Dawson, *The Vagrancy Problem*, pp. 231-45. Dawson's own plans are detailed on pp. 62-103 of the same book. The recommendations of the majority of the Poor Law Commission appear in their report, vol. i, pp. 548-9.

¹ *Minority Report*, pt. ii, p. 308. The earlier attitude of the Webbs toward the problem of the unemployable is expressed in *Industrial Democracy*, pp. 784-9. Though no specific remedial measures are suggested, the necessity of isolating the problem before it can be adequately dealt with is emphasized.

² *The Unemployables* (London, 1907). Especially valuable for the discussion of the labor-colony system, which is strongly advocated. *Cf.* pp. 36-51 for material on English remedies.

movement and adaptation, and therefore increase somewhat the aggregate volume of unemployment, may in part be eliminated by some such measures as will be touched upon,¹ but reform in this direction involves deeper considerations than those concerned with the particular problem of unemployment.²

9. UNEMPLOYMENT INSURANCE

In a dynamic industrial state unemployment cannot be prevented. Business and industrial activity involve industrial changes, and a certain amount of unemployment is a necessary accompaniment of these changes. That great amount of unemployment which exists today and that minimum of unemployment which will persist must be dealt with by other than merely preventive measures which aim at industrial reformation. Theories as to the methods of providing for individuals during periods of unavoidable unemployment are of two types—those dealing with insurance against unemployment and those concerned with public relief measures.

As to the advisability, on principle, of unemployment insurance, there seems to be little argument. Given the facts, as Mr. Chiozza Money points out,³ that manual work is for the most part inherently irregular, and that uncertainty of

¹ Cf. *infra*, pp. 113-117.

² W. C. D. Whetham, in a lecture on "Eugenics and Unemployment" (Cambridge, 1910), discusses the relation of racial breeding to pauperism and unemployment. He believes that these problems can only be solved finally by an improvement in the "innate character of the population." Considerable material on the general subject of the treatment of vagrancy in Britain and other countries is contained in a *Special Consular Report on Vagrancy and Public Charities in Foreign Countries* issued by the Bureau of Statistics of the Department of State (Washington, D. C., 1893). The disorganized form of presentation of the valuable matter it contains materially lessens its usefulness.

³ L. G. Chiozza Money, *Insurance versus Poverty* (London, 1912), pp. 314, 317.

maintenance due to an irregular income is demoralizing in the extreme, it is incumbent either upon the workers or upon society to afford regular payment for irregular work. That this should be done through some form of insurance follows from the limited savings of the individual, the impossibility of prophesying individual risks, and the converse possibility of averaging, and thus foreseeing the risks incurred by a body of men.

I. G. Gibbon states that three conditions are necessary for the application of the principle of insurance:¹ first, it must be possible to foretell the amount of the risk for the group which is to be insured; second, the risk must be general to the members of the group; third, it must be possible to prevent fraud. Gibbon contends that though there are few trades in which the exact fluctuations of employment can be foreseen, and though changing industrial conditions in the future may change the risk, it is possible, with a broad margin of error, to secure statistics on which insurance premiums can be based. The majority of the Poor Law Commission, while condemning the idea of *general* unemployment insurance, because of the extreme variations in risk and the probable preponderance of "bad risks," believe that *trade-group insurance* is possible, because the risk within a given trade is susceptible of fairly exact measurement.² This view that within a given trade sufficient actuarial certainty for insurance can be secured is held by most of the English authorities on the subject,³ but constant attention, and readiness to change rates with greater experience are advised. That voluntary insurance in the past has

¹ I. G. Gibbon, *Unemployment Insurance* (London, 1911), pp. 14-19.

² *Report of the Royal Commission on the Poor Laws*, pt. vi, ch. 4.

³ Cf. *Encyclopædia Britannica*, 11th ed., vol. 27, pp. 578-80. H. Llewellyn Smith, Secretary to the Board of Trade, is quoted on the subject. Cf. also Chapman and Hallsworth, *Unemployment in Lancashire* (Manchester, 1909), p. 110.

been successfully worked out on trade lines substantiates this argument. The present English insurance scheme, as was noted above,¹ rests on a trade basis.

The second condition, that the risk must be general to the members of the group, is only partially fulfilled as regards unemployment. Statistics of benefits paid by certain trade unions are evidence that unemployment falls more heavily upon the "weaker brothers" within a group. Year after year certain individuals exhaust their benefit, while others draw little or none. But these delinquent members tend to be squeezed out in time; and even though the lightning strikes some continuously, all are subject, in greater or less degree, to periods of idleness.² So again, with a margin of error, the general requirements for insurance are met in the trade group.³

The third possibility which would make the method of insurance inapplicable is that of fraud. If malingering on a large scale is possible, the whole scheme would obviously break down. If the insurance be voluntary, by trade unions, it is largely possible to prevent this, through the pressure of opinion and the knowledge of trade openings on the part of the members generally. Fraud of this kind, however, is one of the chief obstacles to government schemes. The best way of combating it is through the full utilization of a labor-exchange system by those administering the insurance. Voluntary idleness under the pretence of work would not be possible were a government office seeking out vacancies. Such close co-operation between the insurance officials and the labor-exchange managers is provided for by the National Insurance Act of 1911. The broad conclusion reached by the English students, then, is that un-

¹ P. 38.

² Cf. Beveridge, *Unemployment*, pp. 140-2.

³ Cf. Gibbon, pp. 16-18.

employment¹ is an insurable risk. While individuals may point to faults or inadequacies in any particular system, or even weaknesses in the method itself,² the consensus of opinion is that insurance in one form or another is needed. As Beveridge says, it is a direct, flexible and immediate method of relieving unemployment, while it enables the burden of an expense necessary to industry to be borne collectively instead of individually.³

On the question as to whether the state should assist in insurance against unemployment, there is again a fairly uniform agreement. The inability of a large majority of the workers to make this provision for themselves is perhaps the best reason for such assistance.⁴ Again, as a matter of self-protection it is urged that the state should assist, for if the money is not spent in this way it will have to be spent in relief work in another form, the beneficial effects of which are not so certain. Habits of providence and co-operation, moreover, are said to be stimulated by the encouragement of insurance schemes. From another point

¹ Unemployment due to trade disputes and to a few other specified causes is not considered to warrant the payment of benefit.

² The Webbs, in *The Prevention of Destitution*, emphasize the limitations of insurance. It does not *prevent* unemployment, and should not be considered an alternative to preventive measures. By lessening the distress accompanying unemployment it may, they say, actually lead to an increase in the evil itself (pp. 159-63). Rowntree and Lasker, in a joint paper, point out the wide field that cannot be touched by such measures; *Revue Internationale du Chomage* (Paris, 1911), pp. 147-8.

³ Beveridge, *Unemployment*, pp. 225-7.

⁴ Mr. Money estimates that in 1908 there were 17,050,000 manual workers and small salary earners in Great Britain. Of these, about 700,000 belonged to trade unions providing unemployment benefits. One million two hundred and fifty-four thousand pounds was expended on unemployed benefits in that year, an average of one pound and fifteen shillings per member; *Insurance versus Poverty*, pp. 315-7.

of view such public aid is advocated, for it is contended that only when the state feels the financial pressure of unemployment will preventive steps (such as the regularization of expenditures) be taken. As an abstract matter of justice, Gibbon holds, public assistance should be given. Unemployment is characteristic of present social and industrial organization; it is a community, not an individual matter, and therefore the community should aid in the bearing of the burden.¹

A dissenting opinion on this subject is advanced by S. J. Chapman, of the University of Manchester. Holding that the personal equation would "undermine the actuarial bases" of insurance, that the chance of fraud would be too great, and that the subsidizing of trade-union insurance would necessitate the state upholding trade-union policies and standards, Professor Chapman maintains that any form of insurance in which the government attempts to take a part is inadvisable. Only that insurance against unemployment which is wholly provided and administered by the trade unions themselves is considered practicable.²

The limits of this paper would be exceeded by a full discussion of the different types of unemployment insurance which have been practised or proposed. As to the relative merits of the two general types, voluntary and compulsory, and the various species of each, there has been much discussion. An autonomous voluntary scheme, that is, one established and maintained by the workmen themselves, was the only type prevailing in England previous to the passage of the National Insurance Act. That act provided compulsory insurance within certain trades, contributions to be made by employers, employees and the state, and re-

¹ Cf. Gibbon, *Unemployment Insurance*, pp. 229-30, for a summary of reasons advanced for public aid.

² Brassey and Chapman, *Work and Wages* (London, 1908), pt. ii, "Wages and Employment," pp. 325-36.

enforced the voluntary schemes by providing governmental subsidies. The latter method of subsidizing autonomous schemes is the well-known Ghent plan. Admittedly an experiment, the English system is thus affording an opportunity for the trial of two directly opposite types of insurance. The outcome of the trial will undoubtedly shape future policy beyond as well as within the British Isles.¹

¹ I. G. Gibbon comes out unreservedly in favor of the Ghent system of subsidies—of “helping self-help.” Comprehensive descriptions of the continental methods of insurance are included.

The minority of the Poor Law Commission strongly recommended a similar form of subsidizing trade unions paying out-of-work benefits (pt. ii, pp. 288-93).

The majority, while making no specific recommendations, urge that in any form adopted the existing trade organizations be utilized; *Royal Commission on the Poor Laws*, pt. vi, ch. 4.

Public subventions for supplementing the benefits of trade associations are also recommended by David F. Schloss (*Insurance Against Unemployment*, London, 1909), whose book contains a summarized description of all existing methods.

An ardent advocate of compulsion, as the only method of helping those who most need it, and a strong supporter of the Act of 1911, is found in Mr. Chiozza Money, to whose book reference has been made (*Insurance versus Poverty*). It contains the text of the National Insurance Act, with full explanations.

A brief symposium of views on the subject, with particular reference to the Act of 1911, is included in the *Revue Internationale du Chomage* (Paris, 1911), pp. 127-152. I. G. Gibbon, J. A. Hobson, and Rowntree and Lasker contribute notes.

The Report of the Special Committee on Unskilled Labor (London, 1908) points out the absolute necessity of an efficient labor-exchange system for the success of unemployment insurance schemes. The committee recommend no particular plan, because a national system of labor exchanges was not in sight at that time (pp. 66-77).

Cyril Jackson, who investigated unemployment for the Royal Commission on the Poor Laws, publishes his personal views in *Unemployment and Trade Unions* (London, 1910). His conclusion concerning insurance is expressed in no uncertain words: “A subsidy to trade unions is therefore not only the easiest but also the sole effective method of unemployment insurance” (p. 39). The central thesis of his book is that the solution of the problem of unemployment is to be found only through governmental co-operation with trade unions (cf. p. 85).

10. THE RELIEF OF THE UNEMPLOYED

Before a national insurance act, universal in scope, can be worked out there will be actual destitution due to unemployment to be faced; even though such a universal measure be applied, there will always remain some whom it cannot reach. So relief of more direct character is immediately necessary and will probably always be needed. The various recommendations concerning the character which such relief should take in the future will be briefly enumerated.¹

The *Report of the Poor Law Commission* contains a comprehensive set of suggestions dealing with the able-bodied unemployed. Three principles which are to dictate action on their behalf are laid down. They are co-operation (between all agencies dealing with the unemployed), discrimination (between unemployed individuals), and restoration.² The proposed mechanism of relief is as follows:

Any individual who cannot be immediately helped through the labor exchanges and who has no unemployment insurance benefit accruing will be first assisted, if possible, by voluntary aid organizations. The commission suggests these voluntary committees as a means of mobilizing local personal service and fully utilizing privately subscribed funds.³ These will give the temporary assistance to man and family which is often all that is required for tiding over brief spells of idleness. Behind this voluntary body will stand the public assistance authority. Those appealing to this body will be classified on the basis of their physical condition, technical training and industrial record. Those

¹ Relief measures now taken under the Poor Laws and under the Unemployed Workman Act were sketched above (pp. 26-31, 31-36).

² *Report of the Royal Commission on the Poor Laws*, pt. vi, ch. 4.

³ For a full description of these committees, which make up an important part of their proposed machinery for charitable relief, see the Commission's *Report*, pt. vii.

whose condition and character are such that they require merely temporary maintenance will be given either assistance at home in return for daily work, partial home assistance, the man, but not his family, being kept in an institution, or full institutional assistance, both man and family being helped at an industrial or agricultural institution. The second class consists of those who would not be helped by merely temporary assistance, but require a prolonged period of training. For these persons, whose restoration to industrial efficiency is sought, industrial and agricultural institutions and labor colonies similar to the best of those which have been tried in the past would be provided. The third class specified by the majority are those "unemployables" who require detention and discipline. The Poor Law Commission's recommendations concerning their treatment have been outlined.¹

This constitutes their complete permanent program. However, pending the full development of the measures suggested, the prosecution of public works by the local authorities, financially assisted by the board of trade, is recommended for periods of acute distress.²

One of the vital points connected with the program of the majority is that all those who receive assistance, other than medical, for three months or more during the qualifying year are to be disfranchised.³ To this the minority take strong exception.

"Maintenance under Training" is the caption under which the minority advance their relief recommendations. Their plan of treatment is based upon the belief that "the capacity of the industrial system to absorb fresh labor is

¹ Cf. *supra*, pp. 27, 28.

² A full statement of the views of the majority is given in the *Report of the Royal Commission on the Poor Laws*, pt. vi, ch. 4, and pt. ix.

³ *Ibid.*, pt. vi, ch. 4.

far from exhausted, but this capacity depends entirely upon the labor being . . . suited to the particular developments of the time.”¹ To bring about the industrial regeneration necessary for many of the unemployed, a system of free training establishment and of detention training colonies is advocated, the former designed only for men who can be made fit to resume their places in industrial employment, the latter for the “work-shy.”² Admission to the free establishments is to be optional with any unemployed man, but public assistance of any kind will only be given to the families of such able-bodied men as do attend. The curriculum would include strict physical training and the complete industrial overhauling of each individual admitted. If in an outworn trade he would be taught other work; if a poor workman in a flourishing trade, the training given him would be designed to make him an efficient workman in that trade. Maintenance for each man and his family would be provided out of the public funds during this period of training. By close co-operation with the national labor bureau each man would be placed as soon as opportunity offered and the degree of his efficiency justified it.³

Relief works for the unemployed, that is, the carrying-on of public works on which they can be employed, are condemned by the minority as over-costly, degenerating in the effects on the individual, and as “representing only a counsel of despair.”

The outstanding point of difference between the majority and minority proposals in this regard is that the latter rest upon the fundamental belief that all work with the able-

¹ *Minority Report*, pt. ii, p. 300 (quoted).

² *Cf. supra*, p. 27.

³ *Minority Report*, pt. ii, pp. 293-308.

bodied should be taken completely away from the poor-law authorities and placed under a ministry of labor. It is an administrative proposal of far-reaching importance, but apparently one which is not to be acted upon by Parliament.

An inconspicuous provision in the National Insurance Act may pave the way for important future advances in the training of inefficients. Article 100 states that if an insurance officer considers that the skill or knowledge of a workman is defective, but that these defects may be remedied by technical instruction, he may "pay out of the unemployment fund all or any of the expenses incidental to the provision of the instruction, if he is of opinion that the charge on the unemployment fund in respect of this workman is likely to be decreased by the provision of the instruction." What may be done in the future under the provision of this article is uncertain, but the possibilities are striking.

Beveridge touches very briefly on the relief which should be accorded the unemployed. That such relief should be administered under the poor law, that the line between industry and relief should be sharply drawn, and that it should aim at the restoration to physical vigor and technical skill of those capable of it, he makes clear, however.¹

¹ Beveridge, *Unemployment*, pp. 232-4.

For interesting accounts of labor colonies, see three articles in *Papers and Proceedings, National Conference on the Prevention of Destitution* (London, 1911), pp. 482-493, 499-509.

J. A. Hobson discusses labor colonies and similar institutions in *The Problem of the Unemployed*, pp. 131-45. He considers such attempts to be very far from a real solution of the problem at issue, though of possible value in a small way.

Professor Chapman weighs the relative advantages of labor colonies and relief works for unemployed men in *Work and Wages*, pt. ii, pp. 336-48, 372-84.

A general conclusion in favor of restorative training is reached by Pigou in his chapter on the "Relief of the Unemployed;" *Unemployment*, pp. 228-41.

A chapter on the "Public Provision of Work," which is valuable be-

The chief methods recommended for caring for men while unemployed have been touched upon in this section and throughout the paper. To detail at greater length similar recommendations, of which there are many, is unnecessary. What is aimed at in them all is the maintenance of families in good health while the wage-earner is idle, the prevention of demoralization, and, if possible, the industrial regeneration of those needing it and capable of such restoration. Such relief measures, combined with deeper-going reforms which aim to organize English industrial life, may well furnish the basis for a scientific campaign looking toward the elimination of the distress which has in the past accompanied unemployment and under-employment.

cause of the detailed local statistics given, is contained in Chapman and Hallsworth, *Unemployment in Lancashire*, pp. 115-33.

Edmond Kelly's, *The Unemployables*, which was referred to above, is exclusively devoted to the treatment of labor colonies as agencies for the training and regeneration of unemployed men of the lower types.

CHAPTER III

THE DEVELOPMENT OF AMERICAN UNEMPLOYMENT THEORY AND REMEDIAL PRACTICE

I. MISCELLANEOUS TYPES OF EARLY THEORY

INTENSIVE study of the problem of unemployment is a very recent development in the United States. Severe unemployment there was at various times during the latter half of the nineteenth century, and the problem of vagrancy has been virtually a permanent one since the Civil War. Though these conditions called forth nothing approaching a scientific analysis, the spectacle of large numbers of able-bodied men out of work during periods of industrial inactivity did cause brief flurries of excitement, characterized by generalizations of hobby-ridden individuals as to the causes of the phenomenon, and by appeals for immediate remedies essentially of a superficial character. The former constitute a considerable portion of the early American literature on the subject.

A striking example of this early type of theory is the "Labor Exchange" idea, which was rather extensively circulated from 1890 to 1898. Believing that unemployment and the like ills that beset the world were the result of the use of a metallic exchange medium which was scarce and hard to obtain, certain individuals formed a "National Labor Exchange" at Independence, Missouri, in 1890. It was designed to afford work for all by enabling everybody to exchange directly the things he produced for the things he needed. Labor, represented by a paper currency, was to

be the medium of exchange. It was announced in 1897 that 300 branches with a total membership of 15,000 had been set up. The movement apparently died shortly afterward, however, for no trace of it appears after 1898.¹

Similar in some respects is the conclusion reached by Hugo Bilgram, who asserts, after an involved argument, that business stagnation and involuntary idleness can be prevented by the issue of credit money.²

As early as 1871 Henry George was attacking land monopolization in California.³ In 1878, lecturing on *Why Work is Scarce, Wages Low, and Labor Restless*,⁴ he specifically named the monopoly of land as the cause of unemployment, and advocated the single tax as a method of relief. He takes occasion at the same time to deny that the influx of Chinese, to which unemployment was popularly attributed, was the root cause of the lack of work. In *Progress and Poverty*,⁵ his theory is outlined at length. The Malthusian doctrine of a tendency toward a surplus population is repudiated,⁶ George asserting that productive

¹ Information concerning this interesting movement is contained in: *The Labor Exchange Quarterly*, July 1896, vol. i, no. 1 (Independence, Mo.); G. B. DeBernardi, *Trials and Triumphs of Labor* (Independence, Mo., 1896); J. A. Kinghorn-Jones, *How We May Dispose of Our Surplus Products and How We May Employ Our Surplus Labor* (San Francisco, 1898); B. J. Sharp, *Labor Exchange in a Nutshell* (Salem, Oregon, 1897); E. Z. Ernst, *The Progressive Handbook of the Labor Exchange* (Olathe, Kansas, 1894).

² Hugo Bilgram, *Involuntary Idleness* (Philadelphia, 1889). Mr. Bilgram's book is an elaboration of a paper presented to the American Economic Association.

³ Henry George, *Our Land and Land Policy, National and State* (San Francisco, 1871).

⁴ Lecture delivered in Metropolitan Temple, S. F., March 26, 1878. Pamphlet printed for the Land Reform League.

⁵ (San Francisco, 1879.)

Ibid., bk. ii, "Population and Subsistence," pp. 81-136.

forces can keep pace with population. ". . . in any given stage of civilization a greater number of people can produce a larger proportionate amount of wealth and more fully supply their wants than can a smaller number."¹ The single tax and the accompanying reforms which are to remedy the "unequal distribution of wealth based on the institution of private property in land" are fully explained in this later work.

The second type of literature concerned with the problem of unemployment, previous to the introduction of the more intensive methods of study of recent years, is that coming from men personally in touch with the unemployed. On the purely descriptive side there is such work as Josiah Flynt Willard's realistic narratives of American tramp life,² and W. A. Wyckoff's portrayal of a winter among the unemployed of Chicago.³ More critical in their nature are the contributions of those writing from the point of view of charity administration. John Graham Brooks gives us one of the earliest papers on the unemployed written from this standpoint.⁴ He states frankly that he ". . . cannot think it of prime importance to search for the causes of poverty and want of work," and confines his treatment largely to an exposition of the necessity of a change in the form of charity and a discussion of certain proposed methods of dealing with the unemployed. Four measures are suggested: employment bureaus, graded work tests, trade schools for giving skill and capacity to the incompetent, and compulsory farm colonies and work-shops.

¹ Henry George, *op. cit.*, p. 134.

² Josiah Flynt, *Tramping with Tramps* (N. Y., 1901).

³ W. A. Wyckoff, *The Workers—The West* (N. Y., 1898), pp. 1-146.

⁴ *Annals of the American Academy of Political and Social Science*, "The Future Problem of Charity and the Unemployed," July 1894, pp. 1-27.

Certain of these, it will be noted, are the remedies proposed today. But Brooks' analysis of the problem to be met, though he states that he is not searching for causes, is fundamentally different from that of modern students. He is reasoning throughout from the individual, finding the cause essentially in the individual and in the individual's "three great passions—the sexual, gaming, and drink." This appears unmistakably when he states that "This dead-beat crowd by any test that we apply to it is our greatest plague."¹ The point is emphasized here because it is characteristic of all the earlier approaches to the study of this question.²

The same point of view is apparent in another early study, though a somewhat deeper analysis is made in this paper. J. J. McCook, speaking on "The Tramp Problem,"² explains its development in this way: When an industrial slump occurs, the young unmarried men, usually those a trifle irregular because of tendencies toward drinking, are first turned out by the employers. In seeking work elsewhere, a taste of wandering life is experienced. When times become better these men have become accustomed to the life of the vagrant and will not return to industry. Severe laws, which leave the fundamental problem untouched, may scatter them but do not regenerate them. The remedies are to be found in the prohibition of heavy drinking, measures to prevent people from discovering that they can live without work, the passage and enforcement of good laws, the "abolition of industrial booms, financial crises, business slumps, and hard times," the encouragement

¹ *Annals of the American Academy of Political and Social Science*, *op. cit.*, p. 25.

² *Cf. supra*, p. 22 *et seq.*

³ *Proceedings of the National Conference on Charities and Corrections*, Twenty-second Annual Session, 1895, pp. 288-301.

of marriage, the prevention of train-jumping, and the establishment of reformatory institutions.

"The man who does not desire to work, who prefers to eat his bread in the sweat of some other man's brow," is the subject of a paper by Washington Gladden, who so defines the "Workless Man."¹ An adequate work test is looked upon by Gladden as the essence of the correct remedy. Once having established this work test, four other measures are proposed: Workhouses are needed in the cities and farm colonies in the country; training in the arts of industry should be included in early education; temporary employment for the industrial and capable among the unemployed should be provided by the state; breeding by paupers should be made impossible.

Somewhat later in point of time and characterized by relief proposals somewhat broader in their scope, but with the same emphasis on individual fault, is Edward T. Devine's analysis in *Principles of Relief*.² Speaking of able-bodied men applying for assistance, he says: "Lack of employment, which, at the time of application, is given in the great majority of instances as the reason for being in need, is usually found, on inquiry, to be due to some personal deficiency in the employee. He has been discharged for intemperance, for inefficiency, for inability to meet the demand upon him, or for some objectionable trait."³ Devine does state that in a certain proportion of instances the lack of employment is due to industrial causes, of which he enumerates ". . . the introduction of machinery, changes in methods of industry, a falling-off in the demand for particular commodities, disturbances of credit, and the . . . sub-

¹ Washington Gladden, "What to Do with the Workless Man," *Proceedings of the National Conference on Charities and Corrections*, Twenty-six Annual Session, 1899, pp. 141-152.

² (N. Y., 1904.)

³ *Ibid.*, p. 151.

stitution of new management in a particular industry. . .” Five possible measures of assistance are mentioned by Devine. They are the use of employment agencies and newspaper advertisements, direct appeal to possible employers of labor and co-operation with the trade union, the creation of industrial colonies or industries in which those who cannot be placed in regular employment may become self-supporting, the use of temporary industries, such as woodyards, and the giving of duly safeguarded material relief.¹ Another measure, a varied manual training in youth, is mentioned incidentally as a means for enabling workers to meet enforced industrial changes with less suffering.

In considering Devine's reasoning and his recommendations, as well as those of others engaged in charity work, the fact must be borne in mind that they are speaking, in the main, of a particular class of the unemployed, those who apply for relief at charity headquarters. Nevertheless, a statement such as the following links up this analysis with those others in which the problem of unemployment is an individual problem. “The first principle to be recognized is that the obligation to find employment, like the obligation to continue suitable employment when one has it, rests primarily upon the applicant himself.”²

The works summarized above, which represent the opinions of the ablest of those connected with charity adminis-

¹ Devine, *op. cit.*, p. 161.

² *Ibid.*, p. 152. Reference is made below to later works by Devine. A very obvious shift of emphasis from the individual to society and industry as basic sources of unemployment and vagrancy will be noted.

Another study of vagrancy, comprehensive, but emphasizing individual faults essentially, and looking primarily to the taboo, to repressive legislation as the remedy, appears in the *Annals of the American Academy of Political and Social Science* (May 1904), vol. xxxiii, no. 3, pp. 37-48. Benjamin C. Marsh, “Causes of Vagrancy and Methods of Eradication.”

tration a decade or more ago, will serve to depict the general views of this class of workers. From them we turn to a brief review of work done in another field, that of theory.¹

2. THE EARLY AMERICAN ECONOMISTS ON UNEMPLOYMENT

The absence of an intensive analysis of unemployment which characterized the two types of writers mentioned above is also notable in the works of the early American economists. The Malthusian doctrine of a surplus population is a bone of controversy; the relation of the mobility and adaptability of labor to wages is considered; the effect of the introduction of machinery on the number of men employed is referred to; but unemployment as a distinct problem is not studied. Certain points of value to the present study are made, however, by some of these earlier thinkers.

The works of H. C. Carey contain a suggestive treatment of certain of the general factors involved in the problem being considered. Malthus' contention that population can outstrip the means of subsistence, and that unemployment and misery are results of this tendency, is opposed on two different grounds. In the first place, man's productive powers are held to be indefinitely extensible with the development of civilization. "With every increase in the extent to which matter has taken upon itself the form of man, there should consequently be found an increase of his power to guide and direct the forces provided for his use . . . and constant increase in his power to command the food and clothing required for his support."² Secondly, the re-

¹ Note should be made of an additional piece of early material bearing on the subject of unemployment. *The First Annual Report of the United States Commissioner of Labor* (1886) on "Industrial Depression" contains a recommendation for the restriction of immigration as a preventive of unemployment (pp. 271-3).

² H. C. Carey, *Principles of Social Science* (Philadelphia, 1858-9), vol. i, p. 89.

productive power in man is not a constant quantity. There is a "self-supporting law of population" which "secures harmony in the growth of numbers and of food." Man's reproductive power ". . . diminishes as his various faculties are more and more stimulated into action—as employments become diversified—as the societary action becomes more rapid—as land becomes divided—and as he himself becomes more free."¹

Another point made by Carey in his exposition of the essential harmonies of social life is that with the development of civilization the "continuity of societary motion" increases. The "unceasing waste of labor," which is one of the conditions of early society and a scattered people, is replaced, with the growth of wealth and population, by an equal distribution of employment throughout the year.² This thesis, which is of extreme importance to the question of unemployment, is elaborated at some length. The "association of mankind," a "diversity of employments," a variety of commodities produced, a growing complexity in the life of man and in the combinations among men, a "rapidity of circulation," all these are essential to the promotion of that continuity in the motion of society which is held to be the supreme test of civilization. And Carey believed that these harmonies were being worked out, that the early "gambling character of the labor of the fields" and all the other discontinuities which characterize a low stage of development were disappearing.³

In his *American Political Economy*,⁴ Francis Bowen sets

¹ H. C. Carey, *op. cit.*, vol. iii, p. 308. Cf. vol. iii, chs. 46 and 47, pp. 263-327, for a full exposition of Carey's views on population.

² *Ibid.*, vol. iii, p. 28.

³ For a development of this interesting theory at length, cf. *Principles of Social Science*, vol. ii, ch. 20, pp. 17-42; vol. iii, ch. 38-44, pp. 17-232.

⁴ (New York, 1890.)

forth, in the main, the stock statements of the classical economists on the questions concerned with unemployment. Adam Smith's assertion that high wages compensate for irregularity of employment is repeated.¹ Senior's exposition of the difficulty of the transfer of labor from one occupation to another, which is "the principal evil of a high state of civilization," is quoted.² As to the effects of the introduction of machinery, Bowen sides with Ricardo's critics in asserting that ordinarily the ultimate demand, because of the resultant cheapened production, will be sufficient to cause the absorption of all who are temporarily thrown out of work. If the demand for a commodity be limited by natural causes, however, "any improvement which will diminish the labor required for its production must permanently deprive some laborers of employment."³ With Carey, Bowen repudiates the Malthusian theory of population. He sets forward "two great facts which afford a complete refutation of Malthusianism. The first is that the limit of population, in any country whatsoever, is not the number of people which the soil of that country alone will supply with food, but the number which the surface of the whole earth is capable of feeding; and it is a matter of demonstration that this limit cannot even be approached for many centuries."⁴ The second fact is that "the practical or actual limit to the growth of population, in every case, is the limit to the increase and distribution, not of food, but of wealth."⁵ And that the increase of population is attended by a more than proportionate increase of wealth is held, for "every human being is an implement for the production of wealth."

¹ *American Political Economy* (New York, 1890), pp. 192-3.

² *Ibid.*, pp. 200-2.

³ *Ibid.*, p. 54.

⁴ *Ibid.*, p. 140.

⁵ *Ibid.*, p. 140.

Francis A. Walker in his treatment of wages develops a theory bearing immediately upon the subject of unemployment. The essential immobility and lack of adaptability of labor, factors which prevent perfect competition for the product of industry, are emphasized in both his chief works.¹ Not only is labor narrowly restricted geographically, but there is a marked slowness of occupational change. Cairnes's theory of non-competing groups is endorsed, except in his contention that the children of the work classes constitute a "disposable funds." Walker concludes that ". . . until you secure mobility of adult labor you will fail to find it in the rising generation."² In his contention that mobility, adaptability and guidance of the rising generation are needed, Walker is anticipating later proposals for the remedying of industrial disorganization.³

3. METHODS OF PRACTICAL RELIEF

The summarized discussion of the theories of the three classes of thinkers considered above is intended to give an idea of the course of theoretical reasoning in the United States on the question of unemployment. The review of methods of practical relief need not be lengthy.

The treatment of the able-bodied unemployed during the latter part of the nineteenth century and the first decade of the twentieth ran about the same general course as did English practice.⁴ For homeless men, municipalities and associated charities sometimes provided lodging-houses with attached woodyards or other plants for the enforcement of

¹ Francis A. Walker, *Political Economy* (N. Y., 1888); *The Wages Question* (N. Y., 1886).

² *The Wages Question*, p. 203.

³ Cf. *Political Economy*, pp. 260-6; *The Wages Question*, "The Mobility of Labor," ch. II, pp. 174-205.

⁴ Cf. *supra*, pp. 22-31.

the supremely necessary "work test."¹ The Salvation Army and the Volunteers of America have established similar institutions in the large cities, in some cases with a work test, in many cases, it is alleged, without such a test.² At times, when public attention had been sharply called to the question by a severe winter, an acute industrial depression, or the gathering of "armies" of the unemployed in the urban centers, funds were raised by public or private action and temporary employment given. Such temporary works usually bore the same sort of doubtful fruit as similar English works had done.³ Free employment bureaus conducted by philanthropic institutions, municipalities, and in some few instances by states, were established at various times and at various places for aiding the unemployed. The comparative lack of success of these earlier attempts was due to several causes, of which inefficiency, inadequate appropriations, lack of co-operation, and failure of all concerned to

¹ A fairly comprehensive description of the treatment of the able-bodied by charitable institutions is contained in Charles R. Henderson, *Modern Methods of Charity* (N. Y., 1904), especially pp. 395-6, 451-4, on vagrants. Cf. also Amos G. Warner, *American Charities* (N. Y., 1908), pp. 244-262, much more modern in its treatment. E. T. Devine, *Principles of Relief*, to which reference has been made, contains material on this subject, cf. ch. iv, pp. 412-31, "Industrial Distress in New York and Indianapolis, Winter of 1893-4." A similar discussion of winter relief is contained in the *Annals of the American Academy of Political and Social Science*, November 1894, pp. 61-81. Helena S. Dudley describes the relief work for women carried on in the Wells Memorial Institute at Boston. Descriptions of the more recent work of this character will be found in most of the current periodicals.

² Accounts of the work of the Salvation Army and of the Volunteers of America are given in: *Monographs on American Social Economics*, no. 20, "The Social Relief Work of the Salvation Army in the United States," by Commander Booth Tucker, 1900; Charles R. Henderson, *Modern Methods of Charity* (N. Y., 1904), pp. 433-38; United States Bureau of Labor, *Bulletin No. 48* (September, 1903), "Farm Colonies of the Salvation Army."

³ Cf. *supra*, pp. 25 *et seq.*

realize their true function are outstanding. Reference will be had to them later.¹ Several farm colonies were created by voluntary agencies, and in 1911 \$10,000 was appropriated in New York State for the establishment of an industrial farm colony. But the public employment given was rare and brief; "Wayfarers Lodges" were comparatively few, and patronized only in extremities of need by men out of work; the work of the early employment bureaus was virtually insignificant. The characteristic treatment has been to leave the men to their own devices, and to the police.

The distinction between men temporarily out of work and the chronic idlers, which was urged by Mr. Chamberlain in England in the Circular of 1886 and which was attempted under the Unemployed Workman Act, has not been made in practice in the United States. It is approximately correct to say that until quite recently the blanket terms for the unemployed of this country have been "tramp" and "vagrant." And to a considerable extent is this still true of common parlance, for every migratory worker is a "tramp." It has been with the police, more than with any of the other agencies mentioned, that this class has had its dealings. The "need of co-operation with the police" in dealing with this class is emphasized by C. R. Henderson in *Modern Methods of Charity*. Tramp and vagrancy laws have applied practically indiscriminately to all who had "no visible means of support," workers and non-workers alike. A brief resumé of these laws is therefore pertinent to the present discussion.

¹ For descriptions of the earlier offices, cf. *Monographs on American Social Economics*, no. 6, W. F. Willoughby, "Employment Bureaus," (Boston, 1900); Massachusetts Bureau of Statistics of Labor, *34th Annual Report* (Boston, March, 1904), pt. ii, pp. 131-213, *Free Employment Offices in the United States and Foreign Countries*; United States Bureau of Labor, *Bulletin No. 68* (Jan., 1907); J. E. Connor, *Free Public Employment Offices in the United States*.

4. TRAMP AND VAGRANCY LEGISLATION IN THE UNITED STATES ¹

There are eighteen states ² having tramp laws. In seventeen of the states ³ the legislation covers persons begging from house to house and subsisting on charity; in nine ⁴ the laws apply to all persons "roaming about without visible means of support"; in five states ⁵ they apply to persons "wandering about without a fixed residence or lawful occupation"; the laws of two states ⁶ include persons riding on trains without permission; those of two states ⁷ cover persons not making reasonable efforts to secure employment; while the law of one state ⁸ applies to persons lodging in places other than lodging-houses.

No minimum sentence is prescribed by the laws of eleven states; ⁹ it is three days under the law of one state; ¹⁰ thirty days in three states; ¹¹ six months in two states, ¹² and one year in one state. ¹³

¹ The material on tramp and vagrancy legislation included in this monograph has been obtained from charts compiled by W. C. Frankhauser and Sidney D. Gamble, which constitute a digest of all such legislation prior to April 1, 1915. Acknowledgment of indebtedness to them is due.

² Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Delaware, Maryland, North Carolina, Alabama, Ohio, Mississippi, Nebraska, Iowa, Indiana.

³ New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Maryland, North Carolina, Alabama, Ohio, Mississippi, Nebraska, Iowa, Indiana, Maine.

⁴ Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Delaware, Maryland, Iowa.

⁵ Maine, Pennsylvania, Delaware, Maryland, Mississippi.

⁶ Vermont, Massachusetts. ⁷ Nebraska, Iowa. ⁸ New York.

⁹ New Hampshire, Vermont, Connecticut, New York, Pennsylvania, Delaware, North Carolina, Ohio, Mississippi, Iowa, Indiana.

¹⁰ Nebraska.

¹¹ Maine, New Jersey, Maryland.

¹² Massachusetts, Alabama.

¹³ Rhode Island.

A maximum sentence is not specified in one state; ¹ it is ten days in one state, ² twenty days in one state, ³ thirty days in three states, ⁴ six months in three states, ⁵ ten months in one state, ⁶ one year in four states, ⁷ fifteen months in one state, ⁸ two years in one state, ⁹ and three years in two states. ¹⁰

Thirteen states ¹¹ set no fines; one state ¹² prescribes a minimum fine of \$3, while one ¹³ sets a minimum fine of \$50. A maximum fine of \$20 is set by the laws of one state, ¹⁴ of \$50 by two states, ¹⁵ of \$100 by one state, ¹⁶ and of \$200 by one state. ¹⁷

The place of commitment is not noted in the laws of two states. ¹⁸ In one state ¹⁹ commitment to the penitentiary at hard labor or to the state farm is provided for, while another ²⁰ gives the alternative of the penitentiary or jail. One ²¹ prescribes the jail at hard labor, while two ²²

¹ Indiana.² Iowa.³ Nebraska.⁴ North Carolina, Delaware, Mississippi.⁵ Vermont, New York, New Jersey.⁶ Maine.⁷ Connecticut, Maryland, Pennsylvania, Alabama.⁸ New Hampshire.⁹ Massachusetts.¹⁰ Rhode Island, Ohio.¹¹ Maine, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Delaware, Maryland, Ohio, Iowa, Indiana.¹² Nebraska.¹³ Alabama.¹⁴ Nebraska.¹⁵ Mississippi, North Carolina.¹⁶ Vermont.¹⁷ Alabama.¹⁸ Nebraska, Indiana.¹⁹ New York.²⁰ Ohio.²¹ Maine.²² Alabama, Iowa.

set the jail or hard labor. Three¹ fix the jail, three² the workhouse, while one³ sets either the workhouse or the jail. One state⁴ provides for sentence to the house of correction, no labor being specified, while another⁵ sets the house of correction at hard labor. Another state⁶ gives three alternatives, the house of correction, the state farm or the workhouse. The law of one state⁷ provides for no commitment whatsoever, stating that tramps shall be set to work on the streets or hired out.

On the matter of pay there is again variance. Fourteen of the eighteen states having tramp laws allot no pay for work done by such offenders when imprisoned. Of those providing that tramps set to work shall be remunerated, one⁸ fixes 33⅓ cents a day, one⁹ \$1.00 per day, one¹⁰ \$1.50 per day, while one¹¹ prescribes that a "fair wage" shall be paid.

This sketch of the character of tramp laws is virtually duplicated as regards the almost complete lack of uniformity, the varying severity, and the absence of discrimination, by a description of vagrancy laws. Up to April 1, 1915, 44 states¹² had definite vagrancy laws, those without such laws applying their tramp legislation to all classes of

¹ New Hampshire, North Carolina, Mississippi.

² Connecticut, Rhode Island, New Jersey.

³ Pennsylvania.

⁴ Maryland.

⁵ Vermont.

⁶ Massachusetts.

⁷ Delaware.

⁸ Vermont.

⁹ Nebraska.

¹⁰ Iowa.

¹¹ Delaware.

¹² New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Delaware, Maryland, North Carolina, Alabama, Ohio, Mississippi, Nebraska, Iowa, Virginia, West Virginia, South Carolina, Tennessee, Georgia, Florida, Kentucky, Michigan, Wisconsin, Indiana, Illinois, Louisiana, Arkansas, Texas, Oklahoma, Missouri, Kansas, Minnesota, North Dakota, South Dakota, Wyoming, Montana, Colorado, Utah, Nevada, Washington, California, Arizona, New Mexico, Idaho.

vagrants. The applicability of these laws to the unemployed, especially to those of the migratory type, is shown by the fact that in 37 states¹ they apply to "those who lack the means of support—who are able to work but refuse," in 17 states² to "persons lodging in places other than lodging-houses without permission," in 30 states³ to "healthy beggars who solicit alms as a business," and in 27 states⁴ to "suspicious persons strolling about without lawful business." While such definitions appear to exclude the legitimately unemployed, the fact that both the apparent, external line of cleavage and the actual line of cleavage between the vagrant, the tramp, and the industrial unemployed man cannot be clearly drawn has served to prevent such exclusion in actual practice.

Sentences prescribed vary from a minimum of one day to six months, and from a maximum of ten days to three years, being sixty days or over in most of the states having such laws. Indeterminate sentences are provided for by

¹ Massachusetts, Connecticut, Rhode Island, New York, Maryland, North Carolina, Alabama, Ohio, Mississippi, Nebraska, Iowa, Virginia, South Carolina, Tennessee, Georgia, Florida, Kentucky, Michigan, Wisconsin, Indiana, Illinois, Louisiana, Arkansas, Texas, Oklahoma, Missouri, North Dakota, South Dakota, Wyoming, Montana, Colorado, Idaho, Nevada, Washington, California, Arizona, Utah.

² Massachusetts, Connecticut, Rhode Island, New York, Maryland, Iowa, Wisconsin, Illinois, Louisiana, North Dakota, Montana, Utah, Idaho, Nevada, Washington, California, Arizona.

³ Connecticut, Rhode Island, New York, Maryland, North Carolina, Alabama, Ohio, Mississippi, Nebraska, Iowa, Virginia, South Carolina, Tennessee, Georgia, Florida, Michigan, Wisconsin, Indiana, Texas, Oklahoma, Minnesota, North Dakota, Montana, Colorado, Utah, Idaho, Nevada, Washington, California, Arizona.

⁴ Delaware, North Carolina, Alabama, Ohio, Nebraska, Virginia, South Carolina, Georgia, Florida, Kentucky, Michigan, Wisconsin, Illinois, Arkansas, Texas, Oklahoma, Missouri, Kansas, North Dakota, South Dakota, Montana, Colorado, Utah, Idaho, Nevada, California, Arizona.

the laws of two states.¹ The place and character of commitment vary, as they do under the tramp laws, between penitentiary, jail and workhouse. The laws of fourteen states² provide specifically for outdoor labor on the streets, in some cases in chain gangs. That of one state³ allows two days' credit on the prison term for each day's work. As has been noted, New York has established a state farm, to which vagrants as well as tramps may be sent for indeterminate periods. Of the fourteen state laws prescribing outdoor labor, nine⁴ provide for payment for such labor, the amount varying from 75 cents per day to \$2.00 per day. In two states⁵ one-half of the proceeds of their labor is given to the men at outside work.

In the foregoing summaries no attempt has been made to give a compendium of the various tramp and vagrancy laws, nor to note the specific laws of particular states. They are meant to show the general type of treatment to which the "workless man" was often exposed, and to indicate the general theories lying back of these laws. The legitimacy of the application of this type of legislation to the criminal tramp and the worst type of vagrant is not here questioned, though there is room for doubt as to their effectiveness even in this field. The significant point is that to the ordinary peace officer and petty judge, as to the ordinary person, the unemployed man, especially if a migratory worker of the type very common in the

¹ New York, Georgia.

² Georgia, Illinois, Arkansas, North Dakota, Colorado, Nevada, California, Arizona, New Mexico, Ohio, Kentucky, Wyoming, Iowa, Washington.

³ Nevada.

⁴ Ohio, Kentucky, Arkansas, Wyoming, Illinois, Colorado, California, Iowa, Washington.

⁵ Iowa, Washington.

United States, has been a tramp or a vagrant. Discrimination was, and to a great extent still is, lacking in the treatment of these two classes. Laws such as that of Rhode Island, allowing \$5.00 per conviction to peace officers arresting tramps, intensify the evil effects of such lack of discrimination by putting premiums upon the arrest of homeless men. The "floating" policy, the forced moving-on of all non-residents, which has been characteristic of another type of police solution of the problem of the migratory man is in strict accord with, and is in fact an outgrowth of, the theories inherent in this law making.

This tramp and vagrancy legislation, this police control, has constituted perhaps a major part of the field of practice in the treatment of the unemployed. The above discussion of it, as a counterpart to the development of the types of theoretical reasoning touched upon, will help to show what has been the groundwork of the modern American theories concerned with unemployment and the unemployed man.

Brief reference has been made to the earlier attempts to establish public employment bureaus in the United States.¹ Later developments, notably in regard to action by the various states, have been far more promising, not only in that laws providing for such bureaus have been enacted, but in the comprehensive character of the employment-office systems thus established in certain of the states. At the present time² twenty-four states have laws providing for the organization of the labor market by means of centralized state employment-agency systems.³ In addition, one

¹ *Supra*, p. 128.

² April 1917.

³ The states having such laws, with the years of their enactment, are as follows: Arkansas, 1917; California, 1915; Colorado, 1907; Connecticut, 1905; Illinois, 1915; Indiana, 1909; Iowa, 1915; Kansas, 1901; Kentucky, 1906; Maryland, 1916; Massachusetts, 1906; Michigan, 1905;

state¹ authorizes municipalities to set up public bureaus, another² encourages municipalities to take such action, and a third³ requires them to do so. In the sphere of federal action the attempt of the Division of Information of the United States Bureau of Immigration to provide machinery for the same purpose is promising. This subject is briefly discussed below in connection with the immigration question.⁴

While these state systems are as yet inadequate, and although uniformity and full interstate co-operation have not as yet been achieved, the spread of the movement toward a more efficient distribution of labor marks the coming of a truer conception of the nature of the problem of unemployment.

We have considered types of the men of one idea who attempted to solve the problem of unemployment. That anything of value to a solution of the problem was contributed by them is doubtful, though the force of Henry George's thought is not yet spent. Wyckoff and Flynt, investigators of reality, gave American society that closer and more intimate view of the "submerged tenth" which Charles Booth had given contemporary England. The charity administrators, the individual with all his faults bulking large in their view, tended to overlook the

Minnesota, 1905; Missouri, 1899; Nebraska, 1897; New Jersey, 1915; New York, 1914; Ohio, 1890; Oklahoma, 1908; Pennsylvania, 1915; Rhode Island, 1908; South Dakota, 1913; West Virginia, 1901; Wisconsin, 1901. Thanks are due to Dr. John B. Andrews, secretary of the American Association for Labor Legislation, for the list of these laws.

¹ Montana.

² Louisiana.

³ Idaho.

⁴ Cf. *infra*, pp. 155, 156. Cf. also John R. Commons and John B. Andrews, *Principles of Labor Legislation*, "Federal Activity" (N. Y., 1916), pp. 276-8,

dominant industrial factors. Yet value their work has had, and the modern program for the prevention of unemployment contains measures recommended years ago by men with this training. Similarly, though the American economists did not isolate for separate study the problem being reviewed, and do not, of course, give us a complete analysis of the question as it is presented today, certain of the conclusions they reached appear on that same program. From charity practice, public and voluntary, something has been learned. The place of police power in the treatment of the unemployed, the possibilities of repressive legislation, have been indicated by the outcome of such legislation. But a synthesis of methods and a concentration of attention on the specific problem of unemployment were needed for a more perfect analysis. A beginning in that study has been made.

CHAPTER IV

CONTEMPORARY AMERICAN THEORIES OF UNEMPLOYMENT AND OF UNEMPLOYMENT RELIEF

I. GENERAL STATEMENT

As a whole, the contributions made by American students to the study of unemployment lack the concreteness, the fullness, and the general applicability characteristic of four or five of the standard English works. There is no standard American work. There is no one authority containing a general description of conditions in the country as a whole, an analysis of such statistics and other information as we have, a full treatment of causes, a description of remedies and their applicability to the United States, and an outline of the all-important administrative machinery needed.¹ There are governmental commission reports touching the subject of unemployment. There are local reports by various state and city commissions, restricted in scope and with but a limited circulation. There are fragmentary statistics,² published by federal and state bodies and by a few other groups, partially summarized by occasional individuals. Popular magazine articles and editorials innumerable have appeared within the last five years. The iniquities of the private employment-agency system and the necessity for public offices have been themes for a

¹ A notable contribution in this last field is made in John R. Commons and John B. Andrews, *Principles of Labor Legislation* (N. Y., 1916), ch. ix, "Administration."

² A note concerning American unemployment statistics is made at the end of this monograph.

mass of writing. Other literature there has been on the tramp, the vagrant and the migratory worker, most of it characterized by a failure to link up these elements with the main problem. Industrial education, vocational training and occupational guidance have received varying amounts of space, in some cases as phases of the unemployment problem, more often as separate subjects. Land monopoly and immigration have been featured as causes of unemployment. Conventions have been held, and various of the more serious journals have given space to fairly comprehensive discussions of the problem. Finally, there has been propaganda designed to stimulate effective remedial work along correct lines. But, except in a very limited degree and in condensed form in certain of the reports, books, periodical articles and propaganda literature, there has been no synthesis of the subject, no full consideration by any one authority of the causes, conditions and possible remedies for unemployment as it faces the people of the United States today.

To review in detail the various theories as to the causes of unemployment and the remedies for unemployment which appear in this variegated literature would constitute in large part a mere repetition of the first part of this paper which traced the various opinions held by English writers. The repetition would be not only one of form, but largely one of fact also. The analysis of the problem which has been sketched above has, in all its essentials, been accepted by American students of unemployment.¹ Additional fac-

¹ The first comprehensive account of the problem of unemployment to appear in the United States was the *Report to the Legislature of the State of New York by the Commission Appointed . . . to inquire into the Matter of Employers' Liability and Other Matters*, Third Report, *Unemployment and Lack of Farm Labor* (Albany, 1911). This report, largely the work of William M. Leiserson, appeared two years after the first edition of Wm. H. Beveridge's classic, *Unemployment—A*

tors there are which enter into the situation as the United States faces it, and original work along certain lines has been and is being done in this country. But in its broad outlines the problem is the same and the analysis of it is the same.

The study of the problem made by William M. Leiserson corresponds closely to the approach outlined in the first part of this paper. His first, and what is to date his fullest exposition of the question appears in the *Report on Unemployment and Lack of Farm Labor*, published in 1911 by the New York Commission on Employers' Liability. Though the investigation was confined to New York State the findings have a wider bearing. The proposed remedies, being recommendations for immediate legislation, are necessarily more restricted than more general suggestions would be. They include a system of public employment offices, the publication of a labor-market bulletin, the occupational direction of juveniles, and the manipulation of public work so as to regularize employment opportunities.¹ His latest contribution, an article on "The Problem of Unemployment Today,"² though briefer, is wider in its scope and contains the results of more recent work. He contends that unemployment is not an insoluble problem, that

Problem of Industry, and follows closely the lines laid down by Beveridge.

(Note should be made of the treatment of the problem by the United States Industrial Commission, *Final Report*, 1902, pp. 746-63. Most of the factors at present held to account for unemployment are enumerated, but the omission of several of those fundamental in the analysis, and the failure to present the case with the logical clearness characterizing Leiserson's presentation of the situation in New York justify the statement that the latter was the first American analysis along acceptedly sound lines.)

¹ N. Y. Commission on Employers' Liability, etc., *Report on Unemployment and Lack of Farm Labor*, pp. 65-9.

² *Political Science Quarterly*, March 1916 (vol. 31, no. 1), pp. 1-24.

it is a result of maladjustment, that it is not personal but economic, that there is no over-population, no absolute surplus of labor, but a fluctuating industrial reserve force which is "only relatively superfluous." It follows from this that labor-saving machinery and improved processes cannot create a surplus labor force; they merely make more difficult the problem of adjusting supply to demand. The unemployed man is therefore "an industrial factor, not a parasite upon industry." ". . . to adjust these fluctuations, to distribute labor more evenly over the country, and in better proportions among the occupations, to equalize the amount of work among the seasons and the years," "to secure a more perfect adjustment of particular forms of labor to specific demands"—this is "the essence of the problem."¹ These ends are to be achieved by "a connected network of public employment bureaus," by guiding the entrance of children and immigrants into the labor market, through regularizing the labor demand by shifting necessary public work to periods of depression, by a decasualization process, through "positive efforts of employers to regularize employment," and by means of insurance against the "inevitable unemployment risk."²

The United States Industrial Commission in its *Final Report*, printed in 1902,³ gives an analysis approximating present-day conclusions more closely than do other writings of that date. Personal, climatic and industrial causes are specified; immigration⁴ is named as a cause contributing to the seasonal concentration of employment; "the work-

¹ *Political Science Quarterly*, *op. cit.*, pp. 14-21.

² *Ibid.*, pp. 16-20.

³ United States Industrial Commission, *Final Report* (vol. 19 of the Commission's Reports) (Washington, 1902), pp. 746-763.

⁴ *Cf. infra*, pp. 146-156, for a treatment of the relation of immigration to unemployment.

man's ignorance of the labor market" is considered to be an important element in the situation. The remedying of this latter condition by the development of the labor-agency system is the only specific recommendation made on this subject.¹

The most pretentious of the publications of individuals on the question is Frances A. Kellor's *Out of Work—A Study of Unemployment*.² A revision of an earlier work³ concerned primarily with the evils of the private employment agency system, the later book is designed to describe the present unemployment situation and the remedial measures which have been undertaken or proposed. A broad field is covered, and a considerable body of information concerning conditions, attempted remedies, and the details of various programs for the future is set forth without a marked degree of organization. A great part of the book is devoted to a discussion of the organization of the labor market. The diagnosis by Miss Kellor is virtually that of the English students and need not be detailed. The book is referred to later in connection with the treatment of several peculiarly American problems.

Approaching the subject from the field of insurance I. M. Rubinow analyzes the problem in the same way, emphasizing the same general factors.⁴ As to a solution, Rubinow believes that the only remedy is to be found through an averaging of wages, and that this can only be done by means of "compulsory, subsidized unemployment insurance."⁵

¹ United States Industrial Commission, *Final Report*, pp. 757-61.

² (New York, 1915.)

³ F. A. Kellor, *Out of Work* (New York, 1905).

⁴ I. M. Rubinow, *Social Insurance* (New York, 1913), ch. 26, "The Problem of Unemployment," pp. 441-455.

⁵ *Ibid.*, pp. 455-79. Rubinow's discussion of unemployment-insurance systems is a valuable addition to the material on that subject.

Isaac A. Hourwich¹ points to the same causes of seasonal and cyclical variations, absence of mobility, and the building-up of labor reserves. The contention that unemployment is the result of over-population is classed by Hourwich as fallacious.

The United States Commission on Industrial Relations² gives "two basic causes of unemployment—unjust distribution of income and land monopolization," and additional minor causes corresponding to those which have been named. The former causes are mentioned above.³ Emphasis has been placed throughout by Leiserson and others of the Commission staff who worked on unemployment, upon the necessity of organizing the labor market,⁴ which, as we have seen, is Beveridge's key to the solution of the problem.

To detail the findings of other bodies as to the general causes of unemployment and the general methods of relief would entail mere repetition. The *Report of the Chicago Municipal Markets Commission*,⁵ the *Report of the Mayor's Commission on Unemployment* (Chicago),⁶ the report to

¹ Isaac A. Hourwich, *Immigration and Labor* (N. Y., 1912), pp. 114-125.

² United States Commission on Industrial Relations, *Final Report* (Washington, 1915), pp. 33-38, 156-182, 255-275.

³ Pp. 119, 120.

⁴ United States Commission on Industrial Relations, *Final Report*, pp. 170-182. Cf. also: United States Commission on Industrial Relations, *Tentative Proposals for Consideration on the Question of Public and Private Employment Offices* (Washington, 1914); United States Commission on Industrial Relations, *First Annual Report* (Washington, 1914), pp. 55-57.

⁵ *Report to the Mayor and the Aldermen by the Chicago Municipal Markets Commission on A Practical Plan for Relieving Destitution and Unemployment in the City of Chicago* (Chicago, 1914).

⁶ (Chicago, 1914.)

the Commonwealth Club of California on *Unemployment*,¹ the *Report on Unemployment* by the Commission of Immigration and Housing of California,² the *Forty-sixth Annual Report on the Statistics of Labor* of Massachusetts³ fix the same broad causes, with certain additional points of emphasis to be noted later, and propose the same basic methods of relief. Henry R. Seager,⁴ Edward T. Devine, in his later works,⁵ John R. Commons,⁶ Charles R. Henderson⁷ agree on the essentials of the same analysis. Scott Nearing⁸ and Jacob Hollander⁹ have voiced the cry that remedial maladjustment is the cause of unemployment. Alice Solenberger,¹⁰ in her study of homeless wanderers, sensed the basic industrial fault lying at the root of the human problem she tried to solve.

Notable, also, have been the series of articles appearing in the *Annals of the American Academy of Political and*

¹ *Transactions of the Commonwealth Club of California* (vol. 9, no. 13), *Unemployment* (San Francisco, 1914).

² Commission of Immigration and Housing of California, *Report on Unemployment* (Supplement to *First Annual Report*) (Sacramento, 1914).

³ (Boston, 1915), pt. ii, pp. 24-31.

⁴ Henry R. Seager, *Social Insurance* (New York, 1910), pp. 84-114. Cf. also Seager's letter to Devine in *Report on the Desirability of Establishing an Employment Bureau in the City of New York* (New York, 1909), pp. 86-89.

⁵ *Misery and its Causes* (New York, 1913), pp. 11-14, 115-146; *Report on the Desirability of Establishing an Employment Bureau in the City of New York*.

⁶ *Labor and Administration* (New York, 1913), pp. 358-381.

⁷ *Report of the Mayor's Commission on Unemployment* (Chicago, 1914). Cf. also "The Struggle Against Unemployment," *American Labor Legislation Review*, May 1914 (vol. iv, no. 2), pp. 294-299.

⁸ *Social Adjustment* (New York, 1911), pp. 266-284; *Social Religion* (New York, 1913), pp. 124-137, 211.

⁹ *The Abolition of Poverty* (New York, 1914).

¹⁰ *One Thousand Homeless Men* (New York, 1911).

Social Science. Various of their issues¹ have dealt with phases of the unemployment problem, and material of exceptional value on the subject has been contributed. Outstanding in the contemporary field of practical work toward a solution of the pressing question of unemployment have been the American Association for Labor Legislation and its subsidiary body, the American Section of the International Association on Unemployment. Under the auspices of these organizations two national conferences on unemployment have been held, intensive investigations prosecuted, a national survey of methods of unemployment relief conducted, and propaganda looking toward an intelligent meeting of the problem carried on.² The character of the relief measures detailed in their propaganda literature—the establishment of public employment exchanges by means of which entrants to industry may be guided, seasonal industries dovetailed, and casual labor decasualized; the systematic distribution of public work; the regularization of industry by employers, workers and consumers; unemployment insurance—indicate how closely the analysis of unemployment made by these bodies corresponds to that outlined in the first part of this monograph.

Apart, however, from the main factors in the situation, which are considered to be universally the same, there are

¹ Cf. especially: vol. 33, no. 1, January 1909, "Industrial Education"; vol. 33, no. 2, March 1909, "Labor and Wages"; vol. 59, May 1915, "The American Industrial Opportunity," pp. 104-211; vol. 61, September 1915, "America's Interests after the European War."

² The "Proceedings of the First National Conference on Unemployment" appear in *The American Labor Legislation Review*, May 1914 (vol. iv, no. 2). The "Proceedings of the Second National Conference on Unemployment," together with reports of investigators, are in *The American Labor Legislation Review*, June 1915 (vol. v, no. 2). The "Unemployment Survey" is in *The American Labor Legislation Review*, November 1915 (vol. v, no. 3).

certain conditions peculiar to the American problem of unemployment. Two of these, the problem of immigration and that of the migratory element, are important factors in the situation in the United States. The outstanding features of each of these problems in their relation to unemployment will be briefly considered.

2. THE RELATION OF IMMIGRATION TO UNEMPLOYMENT

The flood of immigration to the United States has been increasing annually in volume beyond all precedents of similar population movements in the world's history. During the year ending June 30th, 1914,¹ 1,218,480 immigrant aliens were admitted to the United States. During the twenty-year period from 1895 to 1914, 14,750,738 immigrants came to this country. Previous to the year 1896 the proportion of immigrants coming from northern and western Europe far exceeded that from southern and eastern Europe. The tide changed in that year, the number of Italians, Poles, Hebrews, Greeks, Russians and others of the latter group swelling enormously with each passing year. During the decade from 1901 to 1910, 21.8% of the total number of immigrants were from northern and western Europe, while 71.9% came from southern and eastern Europe. The character of the recent immigrants is indicated also by the occupational division. Of the 1,214,480 immigrants for the year ending June 30th, 1914, 14,601 were of the professional class, 173,208 of the skilled classes, 320,215 professed no occupation, while 658,869 were vir-

¹ Since the beginning of the European War, immigration has, of course, fallen far below this figure. What the course of future immigration will be is an unsettled question. The statistical data are from the reports of the Commissioner General of Immigration and from the Statistical Review of Immigration compiled by the United States Immigration Commission (vol. iii of that Commission's *Reports*).

tually unskilled, though a considerable part of these are classed as farm laborers.¹

This influx has given rise to many new problems, and to the intensification of many old ones. Its effect on the labor market is apparently so obvious that for years it has been maintained by many persons that immigration is the basic cause of unemployment. That it is at least an important contributing factor is the opinion of the United States Immigration Commission, an opinion submitted on the basis of a most comprehensive survey of the general question of immigration. "Their (the recent immigrant population) numbers are so great," concludes the Commission, "and the influx is so continuous that even with the remarkable expansion of industry during the past few years there has been created an over-supply of unskilled labor, and in some of the industries this is reflected in a curtailed number of working days, and a consequent yearly income among the unskilled workers which is very much less than is indicated by the daily wage rates paid."² This "over-supply of unskilled labor in the industries of the country as a whole" is held to be "a condition which demands legislation restricting the further admission of such unskilled labor." The same conclusion is reached by the Commission's investigators of immigrants in industries.³ "The entrance into the operating forces of American industries of . . . large numbers of wage-earners of the races of Southern and Eastern Europe . . . has led to the voluntary or involuntary displacement from certain occupations and industries of the native American and older immigrant employees."⁴

¹ An additional 51,587 are put in a miscellaneous group.

² United States Immigration Commission, *Reports* (Washington, 1911), vol. i, p. 39.

³ W. Jett Lauck was the expert in charge of these field investigations, and the conclusions represent his findings, in part.

⁴ United States Immigration Commission, *Reports*, vol. i, pp. 500-1.

The restrictive measures suggested by the Commission are seven in number, the three most important being "the exclusion of those unable to read or write in some language," "the limitation of the number of each arriving each year to a certain percentage of the average of that arriving during a given period of years," and "the exclusion of unskilled laborers unaccompanied by wives or families."¹

An earlier government investigational commission, the United States Industrial Commission, formed a similar opinion. ". . . the general conclusion is inevitable that while a moderate flow of immigration may be assimilated without depressing effects, a rapid influx of immigrants with low standards of living, crowding into the cities and into the less skilled occupations, creates an unfair competition with those already here, intensifies the effects of other depressing causes, and weakens the organization of the working people, by which they hope materially to improve their earnings."² In still another phase of the unemployment situation, the Commission contends, does immigration serve to accentuate the problem. The evil of excessive seasonal concentration of production in a short, busy season is held to be made possible by "the over-supply of unorganized labor and the necessity under which the employees exist of working more hours when they find employment in order to compensate for the period of idleness." "It is mainly the presence of a large supply of immigrant workpeople and their willingness to work more hours that make it possible to concentrate production" in the trades marked by that practice.³

¹ United States Immigration Commission, *Reports*, vol. i, p. 47.

² United States Industrial Commission, *Final Report* (vol. 19 of complete report, Washington, 1902), p. 969.

³ *Ibid.*, p. 751.

"Agriculturalizing the immigrant" is not looked upon by the Industrial Commission as a final solution of the problem, though of value when combined with other measures.¹ Various restrictive measures designed to raise the bars higher and so keep out some of the surplus are suggested.²

Jeremiah Jenks and W. Jett Lauck³ favor a like restrictive program. Though this policy is based upon other reasons than a belief in a superfluity of labor, it is to be noted that among their conclusions it is stated that "the point of complete saturation has already been reached in the employment of recent immigrants in mining and manufacturing establishments."⁴ The authors are very definitely in favor of restriction, holding such a policy to be a necessary first step toward ameliorating the present conditions of industrial affairs, under which "not only the economic welfare of the American wage-earner but the maintenance of our political and social institutions are threatened."⁵

The American Federation of Labor has consistently advocated restriction of immigration, basing its attitude in part on the point being considered here—that immigration is a direct cause of unemployment. Its policy is expressed in a statement submitted to the United States Immigration Commission⁶ by Samuel Gompers, president of the Federation. One of the exhibits in the statement, an article by John Mitchell, states "That there is an inseparable relation between unemployment and immigration is demonstrated by all the statistics which are available upon the subject."⁷

¹ United States Industrial Commission, *op. cit.*, pp. 971-977.

² *Ibid.*, pp. 995-1014.

³ *The Immigration Problem* (New York, 1913).

⁴ *Ibid.*, p. 210.

⁵ *Ibid.*, p. 213.

⁶ United States Immigration Commission, *Reports*, vol. 41, pp. 369-431.

⁷ *Ibid.*, p. 374. That the "glutting of the labor market through im-

The opinion that immigration is a cause of unemployment, and that therefore restriction is necessary, is quite commonly held. The New York Commission on Employers' Liability reports: "The large and continuous additions to the laboring population of the State due to immigration are among the most important single causes of unemployment. Immigration, no doubt, accounts in part for the chronic over-supply of labor revealed by the statistical evidence we have presented."¹ Prescott F. Hall similarly holds that "The displacement of large numbers of native workers by foreigners who underbid them affects the standard of living, not only by direct competition but by increasing the ranks of the unemployed."²

They who contend that immigration is a cause of unemployment do not hold the field alone, however. Isaac A. Hourwich is the staunchest defender of the view that the solution of unemployment is to be found by reforming other conditions, not by checking the incoming alien. Hourwich first develops the orthodox explanation of unemployment

"migration" is merely temporary and that the consequent over-supply of labor in the large cities is temporary, is asserted by Mitchell in an earlier publication. The evils of even this temporary glut are strongly emphasized, however. *Organized Labor* (Philadelphia, 1903), p. 182.

John R. Commons, *Races and Immigrants in America* (New York, 1911), pp. 115-116, quotes some interesting resolutions adopted by the General Executive Board of the United Garment Workers of America, which consists with one exception of Russian Jews. The resolutions allege that the labor market has been overstocked so that the workers of this country are seriously menaced. Congress is called upon to completely suspend immigration for a term of years, and other drastic measures are urged.

¹ *Report to the Legislature of the State of New York by the Commission appointed to Inquire into the Question of Employers' Liability and Other Matters*, Third Report, *Unemployment and Lack of Farm Labor* (Albany, 1911), pp. 7-8.

² *Immigration* (New York, 1913), p. 135.

ment, accounting for the glutting of the labor market by Beveridge's "labor reserve" argument.¹ He next proceeds to refute the argument that this "normal glutting" might be aggravated by immigration. If underbidding by the cheaper alien forces the native out of work, the percentage of unemployment should be higher among the natives in the industries in which they both work, alleges Hourwich. Statistics from the Report of the United States Immigration Commission are quoted to disprove this argument.² Furthermore, the ratio of unemployment is least in the states having the largest proportion of immigrant wage-earners, greatest in those where the proportion of immigrants is lowest. Immigration and unemployment statistics are next compared over a period of years, Hourwich attempting to show by these figures that with increasing immigration unemployment decreases, and with declining immigration unemployment increases.³ This is explained by the fact that "unemployment and immigration are the effects of economic forces working in opposite directions; that which produces business expansion reduces unemployment and attracts immigration, that which produces business depression increases unemployment and reduces immigration."⁴ It is merely a case of economic supply and demand, says Hourwich in another article;⁵ there may be fluctuations, but in the long run the supply of immigrants will adjust itself to the demand. Holding it as proved that unemployment is not the result of over-population, Hourwich contends that it necessarily follows that "the limita-

¹ *Immigration and Labor* (New York, 1912), pp. 114-125.

² *Ibid.*, pp. 126-128.

³ *Ibid.*, pp. 137-139.

⁴ *Ibid.*, p. 145.

⁵ *Political Science Quarterly*, December 1911, "The Economic Aspects of Immigration" (vol. xxvi, no. 4), pp. 615-42.

tion of the number of wage-earners can promise no relief against unemployment.”¹

Not quite so emphatic in their arguments are others who do not admit immigration as a cause of unemployment. Helen L. Sumner, holding that “. . . these cycles (of prosperity and depression) have a greater influence than can be attributed to the competition of alien labor,”² considers the case against immigration to be unproved. Frances Keller takes the same attitude. “. . . we do not know whether our reserve of immigrant labor is larger than the country should carry or not.”³

The most recent statement of the “present-day analysis of unemployment” is that of Leiserson.⁴ It is held here to be definitely established that there is “no absolute overplus of labor,” that, though ports of entry for immigrants and certain occupations may be over-supplied with labor, there are always other parts of the country and other occupations capable of using more labor than they have. Leiserson, therefore, sides with those who look beyond immigration for the fundamental causes of unemployment.⁵

¹ *Immigration and Labor*, p. 146.

² Adams and Sumner, *Labor Problems* (New York, 1905), p. 87.

³ *Out of Work*, p. 147.

⁴ *Political Science Quarterly*, March 1916, “The Problem of Unemployment Today,” vol. xxxi, no. 1, pp. 1-24.

⁵ *Ibid.*, pp. 12-14.

The Surplus Labor Theory of Unemployment

Mention of the theory that unemployment is due to a real surplus of labor has been made at various points in the preceding analysis. It was not taken up at length because virtually discarded by the leading English students. A brief statement of the development and present status of the theory in England is relevant at this point, however, for it has a bearing upon the question of the relation of immigration to unemployment.

Malthusianism was in its essence a theory that over-population was the cause of destitution. (*Cf. supra*, pp. 15 *et seq.*) The tendency of

One other phase of the immigration question, in its relation to unemployment, should be noted. The necessity of the distribution of immigrants upon their arrival, of their

population to increase faster than the power of production was believed to be the cause of unemployment, pauperism, and all the accompanying misery. How Ricardo completely reversed this theory that the power of production was outstripped by population, in contending that a surplus of labor might result from increased power of production, is aptly pointed out by William M. Leiserson (in the above-mentioned article, pp. 7-8). For Ricardo claimed that the introduction of machinery and improved processes resulted in the permanent displacement of labor. (Cf. *supra*, pp. 17 *et seq.*) "Thus," says Leiserson, "the doctrine that labor is superfluous because population grows faster than production becomes a doctrine that increased productive power creates a surplus of labor."

The same theory of a superfluity of labor is inherent in poor-law procedure prior to 1834. The practice of community support of the able-bodied out of the rates was based largely upon the belief that such a surplus existed. (Cf. *Report of Royal Commission on the Poor Laws*, 1909, pt. vi, ch. 9, sec. 442.) The Royal Commission of 1834, as has been noted above (pp. 26 *et seq.*), repudiated this theory, and based their recommendations upon the doctrine of personal responsibility for unemployment.

The idea that there are more workers than work did not die, however. It has appeared constantly in popular discussion, and has been voiced at various times by students of the problem. The London County Council expressed it in a rather tentative form in 1903. "If it is a fact that there does not exist sufficient work in the country to afford employment for the whole population, that circumstance alone appears to warrant a consideration as to whether the reduction of the hours of labor to a reasonable limit, in the interests of industry and labor alike, is not a matter of the highest importance." (Quoted, Brassey-Chapman, *Work and Wages*, London, 1908, vol. ii, *Wages and Employment*, p. 352.) The Webbs speak of the "surplus of labor power which already exists in the partial idleness of huge reserves of under-employed men" (*Minority Report*, pt. ii, p. 268), and state that "... there exists in the United Kingdom today no inconsiderable surplus of labor." They qualify their assertions, however, by admitting that this is not a surplus made up of workmen who could not, with an improved organization of industry, be productively employed. The surplus of which they are seeking to dispose is not a real superfluity of labor, therefore.

The most emphatic statement that there is a real surplus is made by

industrial and regional guidance, is emphasized by those who argue for increased restriction. The congestion of immigrants in certain occupations and in certain cities is

Norman B. Dearle (*Industrial Training*, London, 1914). His theory of a "Defective Demand" (*i. e.* one not sufficient to engross the total supply of labor) has been referred to (*supra*, p. 50). It is true, he says, that "... under existing methods of employment the whole supply is required for some purpose or other. But there is more than enough of it (labor) to permit the free use of the more irregular and wasteful methods of employment, and to provide for the growth of large reserves of labor, both of men and boys" (p. 437). Were it not for this superfluity of labor, Dearle contends, the present vicious waste of juvenile and adult labor in faulty methods of industrial training, "blind alleys," and in unnecessarily large labor reserves, could never go on. That they exist is proof of the existence of a surplus (pp. 436-452).

Arguments contradictory to this theory of an excessive number of workers are advanced by most of the writers on unemployment. Thus, Herbert Samuel, in denying the theory that England is over-populated, stated: "... those who hold this view forget that, other factors being constant, the development of a country's natural resources and its foreign trade increases with the growth of its population and diminishes with its fall, that a small population may mean a smaller production and not a greater regularity of employment, and, conversely, that an increase of population may not involve an addition to the ranks of the unemployed." (Reservation of Herbert Samuel in the *Report of Agricultural Settlements in British Colonies*, 1906, p. 24. Quoted by Stanley C. Johnson, *A History of Emigration from the United Kingdom to North America, 1763-1912*, London, 1913, pp. 304-5.) Rowntree and Lasker assert that "... it is clear that the absorption of a permanent surplus of efficient, even though unskilled labor cannot be an insoluble problem unless there is a shortage of one or both the other two factors in the production of wealth, *viz.*, land and capital. As there is no such shortage in England today, it must be possible for statesmanship to bring unemployed labor into union with unemployed land and capital, and so absorb any surplus which might result from decasualization." (*Unemployment*, London, 1911, pp. 141-2.)

Beveridge goes into a somewhat more detailed argument to prove that "unemployment cannot be attributed to any general want of adjustment between the growth of the supply of labor and the growth of the demand." (*Unemployment*, London, 1912, p. 11.) The orthodox economic arguments are brought forward to show that not only is there a general dependence of the supply of population upon demand, but a

probably the greatest obstacle to their assimilation, as well as the chief cause of their alleged intensification of the problem of unemployment. It is again merely the question of labor-market organization, of adjusting supply to demand, geographically and occupationally. Especially is this occupational or qualitative maladjustment due to the influx of immigrants to be noted. For the question of industrial training as a means of providing a labor force qualitatively adapted to the industrial needs of the country is peculiarly pertinent to the immigration situation. The need of an agency for the geographical distribution of immigrants has long been felt. The Immigration Act of February 20, 1907, provided for the establishment of a division of information designed "to promote a beneficial distribution of aliens admitted into the United States among the several States and Territories desiring immigration."¹ For this purpose the division is to "gather from all available sources useful information regarding the resources, products, and physical characteristics of each State and Territory, and shall publish such information in different languages, and distribute the publications among all admitted aliens." The work has been carried on with a fair degree of success, especially in the direction of immigrants to agricultural positions.² In

more immediate dependence of the demand upon the supply (p. 5). Secondly, Beveridge shows that there are not too many men in England for the available land, the depopulation of the rural districts proving the fact. That the wealth of the country and the productivity per head of the population continue to increase is further proof that there is no over-population, for that would mean that the law of diminishing returns had come to apply to labor generally. Finally, the rising reward to labor, the fact that its price is rising nominally and relatively, is held to show conclusively that there is no superabundance of labor and no tendency for labor to become of decreasing importance as a factor in production (pp. 8-10).

¹ Immigration Act of February 20, 1907, section 40.

² For details of the workings of the Division of Information, includ-

1914, in response to a widespread feeling that a national system of labor exchanges was needed, the Division of Information of the Bureau of Immigration attempted to widen the scope of its work by the establishment of a nation-wide system of placement bureaus, post-offices throughout the country being utilized as offices. The attempt was rather unfortunate, there being no adequate preparations made, a trained staff being lacking, and the post-offices being unfitted for such work.¹

This question of the distribution of immigrants has received considerable attention in the literature on immigration, and, as well, in that on unemployment. The *Immigrants in America Review*² has featured it, Frances Kellor³ has emphasized it, Peter Roberts⁴ and Frederic Haskin⁵ devote space to it. The disorganization of our immigrant labor market and the chaotic conditions prevailing in this one industrial field have been brought sharply home to the United States. Fortunately, the attack on disorganization here appears to be leading to a campaign against the more important maladjustments prevailing over the whole field of labor placement.⁶

ing statistics of distribution, see the Reports of the Chief of the Division, appearing in the *Annual Reports* of the Commissioner General of Immigration.

¹ A "conference on employment" for the furtherance of this plan was held at San Francisco in August 1915, under the auspices of the United States Department of Labor. A report of the proceedings appears in the *Monthly Review* of the United States Bureau of Labor Statistics, October 1915 (vol. i, no. 4).

² Cf. especially *The Immigrants in America Review* for March 1915 (vol. i, no. 1).

³ *Out of Work*, pp. 110-148.

⁴ *The New Immigration* (New York, 1912), pp. 63-66.

⁵ *The Immigrant* (New York, 1913), pp. 92-99.

⁶ Cf. also in connection with immigrant distribution: New York,

3. THE FLOATING LABORER

A second element in the unemployment situation which is found in an exceptionally aggravated form in the United States is the problem of the floating laborer. Its magnitude and importance, and something of its fundamental nature are just beginning to be understood. The United States Commission on Industrial Relations reports: "There are large numbers of American workers, in all probability several millions, who are not definitely attached either to any particular locality or to any line of industry."¹ Samuel Gompers, president of the American Federation of Labor, stated to that body: "The lot of the migratory laborer in the United States today is in some points worse than slavery. . . . The very large proportion of unskilled or casual workers who at the present time usually find employment only on short jobs or at seasonal work suffer a precarious existence. As they move from place to place they often go hungry, and while at work their food is usually of a poor quality, ill prepared. . . . The character of much of the work performed in the United States does not permit of steady employment of a regular body of men. . . . In all, it is difficult to estimate how many men are thus living in the United States today, but the number reaches into the millions."²

First Annual Report of the Bureau of Industries and Immigration, 1911 (Albany, 1912), pp. 33-42; New York, *Report of the Commission of Immigration* (Albany, 1909), pp. 109-128. United States Bureau of Labor, *Italian, Slavic and Hungarian Unskilled Immigrant Laborers in the United States, Bulletin No. 72* (Washington, September 1907), pp. 403-486; Massachusetts, *Report of the Commission on Immigration* (Boston, 1914), pp. 37-53.

¹ United States Commission on Industrial Relations, *Final Report* (Washington, 1915), p. 156.

² Quoted, *Fifteenth Biennial Report of the Bureau of Labor Statistics of California, 1911-1912* (Sacramento, 1912), pp. 49-50.

This problem of the migratory worker—a problem arising out of the seasonal character of the nation's industries and the country's wide geographical extent—is closely interwoven with the allied questions of the tramp and vagrant. In the first place, the line of cleavage between these classes at any one time cannot be clearly drawn. The tramp and the vagrant work at times; conversely the migratory worker is likely to beg or steal at times. Numerous classifications, however, have been made, all with a doubtful degree of precision. Alice Solenberger¹ divides "tramps" into those wandering continuously, those wandering only at particular times or seasons, and those wandering periodically with long intervals of regular life between. Edmond Kelly makes four divisions: youths under twenty-one who tramp for amusement; able-bodied workers and misdemeanants; neuropaths; the non-able-bodied.² These classifications,

¹ *One Thousand Homeless Men* (New York, 1911), pp. 209-238.

² *The Elimination of the Tramp* (New York, 1908), pp. 9-11. Kelly includes in an appendix (pp. 103-107) several other classifications. Picturesque, and at the same time having a great element of truth, is that of Dr. Reitman, who is himself a tramp:

VAGRANTS or penniless wanderers. Every species is itself subclassified according to (a) Character, (b) Geographical distribution, (c) Type.	{	(1) TRAMP.	
		(a) Dreams and wanders.	Tramp criminal.
		(b) Trampdom—Main lines of railroads.	Criminal tramp. Neuropathic tramp.
		(c) Runaway boy.	
		(2) HOB0.	
		(a) Works and wanders.	Tramp hobo.
		(b) Hoboland—farms, ice- houses, section houses, mines, etc.	Train hobo. Bum hobo. Criminal hobo.
		(c) Non-employed.	Neuropathic hobo.
		(3) BUM.	
		(a) Drinks and wanders.	Criminal bum.
		(b) Bumville—barrel-houses and saloons.	Neuropathic bum.
		(c) Drunkard.	

made by persons in whose work the tramp proper has bulked large, tend to minimize the very large proportion of wandering workers proper.

In a second way is the problem of the migratory laborer interlocked with those of the tramp and vagrant. For the path downwards is easy to travel, and a large number of the best type of laborer have gone over it. The Industrial Relations Commission traces their course. "Young men, full of ambition and high hopes for the future, start their life as workers, but, meeting failure after failure in establishing themselves in some trade or calling, their ambitions and hopes go to pieces, and they gradually sink into the ranks of the migratory and casual workers. Continuing their existence in these ranks, they begin to lose self-respect and become 'hoboes.' Afterwards, acquiring certain negative habits, as those of drinking or begging, and losing all self-control, self-respect, and desire to work, they become 'down-and-outs'—tramps, bums, vagabonds, gamblers, pickpockets, yeggmen, and other petty criminals—in short, public parasites, the number of whom seems to be growing faster than the general population."¹ Though this picture is somewhat overdrawn, the tendency to sink is undoubtedly ever present in the life of the migratory worker.

The strongest, perhaps, of the forces serving to push the migratory laborer down into the ranks of the non-workers, to increase the irregularity of his working periods, and thus to intensify the normal problem of unemployment, has been the condition of the camps in which this class of

¹ United States Commission on Industrial Relations, *Final Report*, p. 157. Will Irwin has sketched this descent graphically, basing his articles on the findings of Peter A. Speak, who covered the field of migratory labor for the Industrial Relations Commission. Cf. "The Floating Laborer," *Saturday Evening Post*, May 9, June 6, July 4, 1914.

worker has been housed. The flare-up at Wheatland in August, 1913, first drew the attention of California to the character of these camps.¹ The resulting investigation throughout the state disclosed intolerably filthy and insanitary conditions in a large percentage of such quarters.² Nor has California been alone in this regard. Leiserson, as superintendent of the Wisconsin public employment offices, attributed in part to camp conditions the fact that men refused to take work offered them.³ Conditions similar to those in California are noted in New York,⁴ and in the Middle-West.⁵ The relation of these conditions to irregularity of employment seems to be directly proved by statistical evidence, for the labor "turnover" varies roughly throughout California in accordance with the character of the living quarters provided in the different seasonal occupations. A "turnover" of 100 per cent (complete replacement of the labor force) in a two-week period is not uncommon in certain of the railroad and lumber camps of the state; in exceptional cases the period has been even briefer.⁶

¹ Cf. Carleton H. Parker, "The Wheatland Riot," in *The Survey*, March 21, 1914 (vol. 31, no. 25), pp. 768-770.

² For statistics on this subject, cf. *The First Annual Report of the Commission of Immigration and Housing of California* (Sacramento, 1915).

³ *American Labor Legislation Review*, Feb. 1913 (vol. iii, no. 1), p. 132.

⁴ *Report of the Commission of Immigration of the State of New York* (Albany, 1909), pp. 126-128.

⁵ Chicago, *Report of the Mayor's Commission on Unemployment*, pp. 69-72.

For further descriptions of the working conditions of the migratory laborers, cf. Frances A. Kellor, *Out of Work*, chapter on "Immigration and Unemployment," *passim*; Peter Roberts, *The New Immigration*, pp. 66-69.

⁶ Cf. Carleton H. Parker, "The California Casual and His Revolt," *Quarterly Journal of Economics*, November, 1915 (vol. 30, no. 1), pp. 119-122.

With dirty quarters, hard work, poor food, and long hours to contend with, it is not to be wondered that the descent into shiftlessness, vagrancy, and crime is so easy.

The mode of treatment of migratory persons has been indicated above in the consideration of the tramp and vagrancy legislation of the various states. Beyond this repressive type of relief no comprehensive attempt to deal with the various types of migratory wanderers and with the underlying industrial causes has been made. Certain states have started the cleaning-up of their labor camps; New York State has established a farm colony for the purpose of regenerating the fallen ones of this class; the scattered public employment offices represent a commencement of the task of organizing and directing the movements of labor. But those who have studied the situation look to deeper-going measures for a possible solution of the various problems involved. In addition to making recommendations for a national system of labor exchanges, and an intelligent distribution of public work, the Federal Industrial Relations Commission proposes that cheap transportation be provided, that the stealing of rides be eliminated, that cheap workingmen's hotels be established, and that state and federal farm colonies be provided for the rehabilitation of these men.¹ Alice Solenberger details a set of institutions, including compulsory farm colonies, for the treatment of the degenerate in these classes.² The case for compulsory farm colonies is put most strongly by Edmond Kelly,³ who devotes his entire book to the explanation of that type of solution. Kelly, it must be noted, is concerned primarily with the tramp, the "won't work," and does not attempt to deal with the deeper economic factors.

¹ *Final Report*, pp. 159-160.

² *One Thousand Homeless Men*, pp. 235-236.

³ *The Elimination of the Tramp* (New York, 1908).

The problem of the migratory worker and the migratory vagrant, important as it is in the American situation, has not as yet been adequately studied. A conception of its importance is dawning upon social thinkers. The survey has yet to be made which will point the way to a definite attack and a definite solution.

CHAPTER V

CONCLUSION

THROUGH all the diverse opinions¹ as to the causes of unemployment and as to what should be done to remedy the situation, the central theme of industrial disorganization runs. ". . . The nineteenth century," two students of an allied problem state, "left the twentieth an unenviable legacy—the legacy of an industrial system which had grown up without forethought, and whose maladies had been treated with spasmodic doses of medicine, administered in

¹ Space and time limitations have made it necessary to merely mention certain of the less orthodox and less widely accepted theories of unemployment. From the contention of the extreme individualist that ". . . it is the imperfect development of competition, broadly conceived, in relation to the intricate economic circumstances with which it has to cope, that accounts for proficient people being without occupation" (S. J. Chapman, in Brassey-Chapman, *Work and Wages*, vol. ii, "Wages and Employment," pp. 349-350) to the attitude of the socialist who looks upon unemployment as "co-extensive with the capitalist system" (John Spargo, "Socialism as a Cure for Unemployment," in *Annals of the American Academy of Political and Social Science*, May 1915, vol. 59, pp. 157-64) diverse theories run a wide course. The forty-year-old theory of Henry George and the more recent one of the Federal Industrial Relations Commission agree in placing land monopolization as a cause. The unjust distribution of income has been put forward as a basic reason. Politics, the sweating system, the prevailing wage system, sun spots, the tariff, convict labor, the minimum wage, child labor, the entrance of women into industry, "big business"—all have been pilloried as responsible for unemployment. Possibly all have a connection, more or less remote, with the problem being considered, but the inclusion of a discussion of them in the present paper has been impossible.

a spirit of hopeful experiment rather than with any profound study of the needs of the system.”¹ The necessary study of that disorganized condition is in process of being made.

For complete knowledge of all the factors in the unemployment problem further investigation is needed. But the time when investigation should occupy the whole field is past. William Leiserson² has made an emphatic appeal for the next step — for action, for the carrying through of a program for the prevention of unemployment, for the outlining of the necessary laws, for the devising of the needed administrative machinery. The path of remedial action is not yet entirely clear, but it has at least been blazed. Constructive work, for which investigation has sufficiently paved the way, is the present need.

¹ Dunlap and Denman, *English Apprenticeship and Child Labor* (London, 1912), p. 309.

² “The Problem of Unemployment Today,” *Political Science Quarterly*, March 1916, pp. 23-4.

APPENDIX I

AMERICAN STATISTICS ON UNEMPLOYMENT

(These references do not include publications later than the early part of 1916, nor are they intended to be at all exhaustive for the period previous to that date. They are designed to suggest the general character of American statistics on unemployment, rather than to constitute a complete statement of all such statistics existing.)

The earliest figures available on this subject are those gathered by the Massachusetts Bureau of Statistics of Labor in June and November, 1878, and published in the *Tenth Annual Report* of that Bureau. (Boston, January 1879, pp. 3-13.) Far more intensive in their nature are those compiled in connection with the Massachusetts censuses of 1885 and 1895. The former were published in the *Eighteenth Annual Report* of the Bureau of Statistics of Labor (Boston, December 1887, pp. 1-294), the latter in the *Massachusetts State Census* of 1895. *The 34th Annual Report* of the Bureau of Statistics of Labor (Boston, March 1904, part ii, pp. 131-213) contains some data on the amount of unemployment at that time. *The Annual Reports* of the Chief of the Bureau of Statistics of Labor, from 1908 on, give figures as to the amount of unemployment among organized wage-earners.

Statistics showing the amount of unemployment among members of trade unions in New York State have been published since 1897. In 1897 and 1898 these were published in the *Annual Reports* of the Bureau of Labor Statistics of that state. From 1899 to 1913 they appeared quarterly in the *Bulletin* of the Bureau of Labor Statistics. Since September 1913, a special series of *Bulletins on Unemployment* have been issued, while more recently the issue of monthly *Labor Market Bulletins* has been begun. Though restricted in their scope to organized workers, they are valuable as indices to seasonal

and cyclical fluctuations and other business changes. Though a compilation of individual causes of unemployment, such as lack of work, lack of material, weather, labor disputes, disability, *etc.*, is included, no investigation of the more fundamental causes is attempted.

The Report to the Legislature of the State of New York by the Commission Appointed . . . to Inquire into the Question of Employers' Liability and Other Matters—Third Report—Unemployment and Lack of Farm Labor (Albany, 1911, pp. 28-38) contains a summary of previous statistics on unemployment in New York State, together with additional material gathered by the Commission.

The United States Census workers gathered data on unemployment in 1880, but lack of funds and doubt as to their reliability prevented their compilation. The census of 1890 contains some material on the question. That of 1900 (volume on *Occupations*) deals at length with unemployment, but a warning as to the uncertain character of the findings is given. Similar data were gathered in 1910, but have not as yet been published.

The Bulletin on Manufactures published by the United States Census contains general statistics of the number employed by months. *The Census of Manufactures* of 1905 has information as to the numbers employed in all manufacturing industries in 1904, by months.

The United States Bureau of Labor Statistics has done some work in this field, and is at present publishing valuable data. *The 18th Annual Report* of the United States Commissioner of Labor (1903) details the amount of unemployment among 25,440 families; the material for this report was gathered during the years 1900-2.

Of their later publications the following are valuable on this subject:

Bulletin No. 10 (Miscellaneous Series No. 1, on *Statistics of Unemployment and the Work of Employment Offices in the United States*. Previous statistics from various sources are summarized.

Bulletin No. 116 (Women in Industry Series No. 1). Hours, Earnings and Duration of Employment in Selected Industries in the District of Columbia.

Bulletin No. 119 (Women in Industry Series No. 2). Working Hours of Women in the Pea Canneries of Wisconsin.

Bulletin No. 146 (Wages and Hours of Labor Series No. 8). Wages and Regularity of Employment in the Dress and Waist Industry of New York City.

Bulletin No. 147 (Wages and Hours of Labor Series No. 9). Wages and Regularity of Employment in the Cloak, Suit, and Skirt Industry. (In New York City and Boston.)

Bulletin No. 172 (Miscellaneous Series No. 10). Unemployment in New York City.

Bulletin No. 182 (Women in Industry Series No. 8). Unemployment among Women in Department and Other Retail Stores in Boston, Mass.

Bulletin No. 183 (Miscellaneous Series No. 12). Regularity of Employment in the Women's Ready-to-Wear Garment Industries.

The *Monthly Reviews* which the Bureau has published since July 1915, give scattering statistics on unemployment.

The Bureau of Labor Statistics has been conducting investigations on the "turn-over," concerned with the average term of employment, which will give statistical evidence in a field of unemployment largely untouched as yet.

The *Annual Reports* of the United States Geographical Survey state the number of work days and idle days in the coal-mining industry in the United States.

Similar information for the mines of the state of Illinois has been included in the annual *Illinois Coal Report*.

Various of the state bureaus of labor statistics publish data as to the number employed by months in the different manufacturing industries, and other scattered material touching on the problem.

Reports of varying scope are published by the public employment offices, state and municipal.

The Monthly Labor Market Bulletin issued by the superintendent of the state employment offices of Wisconsin gives a valuable summary of general conditions in that state.

The American Federationist, the official organ of the American Federation of Labor, published data concerning the amount of unemployment among organized workers, from 1899 to 1909. The number unemployed each month, and the maximum and minimum numbers unemployed each year were given. Publication of this information was discontinued in 1909 because of doubts as to its value.

A census of the unemployed was made in Rhode Island in 1908, covering the urban districts. The information gathered appeared in the *22nd Report of Industrial Statistics*, Rhode Island, 1908.

Figures on unemployment in Chicago are contained in two documents: *The Report of the Mayor's Commission on Unemployment*, Chicago, March 1914; *Report of the Mayor and Aldermen by the Chicago Municipal Markets Commission on a Practical Plan for Relieving Destitution and Unemployment in the City of Chicago*. Chicago, December 28th, 1914.

Some statistics on conditions in Portland, and in the rest of Oregon, are given in the *Reed College Record*, December 1914, No. 18, *A Study of the Unemployed*, by Arthur Evans Wood.

Of value as showing seasonal fluctuations in a particular industry is the *Special Report* of the Bureau of Labor Statistics of California on *Labor Conditions in the Canning Industry* (Sacramento, 1913).

Statistical analyses of the irregularity of female employment in various industries are included in an article by Irene Osgood Andrews, "The Relation of Irregular Employment to the Living Wage for Women," which appeared in *The American Labor Legislation Review* for June 1915 (vol. v, no. 2), pp. 291-418.

Data indicating the percentage of unemployment among wage-earners in fifteen cities of the United States during 1915 are given in an article by Royal Meeker, "Some Recent

Surveys of Unemployment," in *Annals of the American Academy of Political and Social Sciences*, September 1915 (vol. 61), pp. 24-9.

Scott Nearing gives a resumé of some of the earlier statistics in "The Extent of Unemployment in the United States"—*Quarterly Publications of the American Statistical Association*, September 1909 (vol. ii, new series, no. 87), pp. 525-49.

The sources of unemployment statistics in the United States are indicated in a paper read by W. M. Leiserson before the International Conference on Unemployment. Cf. *Compte Rendu de la Conference Internationale de Chomage* (Paris, 1911), vol. 2, rapport no. 15, "The Fight Against Unemployment in the United States."

APPENDIX II

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TRAMP LAWS

<i>State.</i>	<i>Revised Statutes of</i>
Alabama	1907
Connecticut	1913
Delaware	1879
Indiana	1908
Iowa	1902
Maine	1903
Maryland	1906
Massachusetts	1903
Mississippi	1904
Nebraska	1907
New Hampshire	1900
New Jersey	1910
New York	1911
North Carolina	1905
Ohio	1908
Pennsylvania	1879
Rhode Island	1896
Vermont	1912

VAGRANCY LAWS

Alabama	1907
Arizona	1901
Arkansas	1911
California	1912
Colorado	1912
Connecticut	1913
Delaware	1861
Florida	1907

¹ See page 130 for acknowledgment.

Georgia	1905
Idaho	1908
Illinois	1908
Indiana	1908
Iowa	1913
Kansas	1905
Kentucky	1904
Louisiana	1912
Maryland	1914
Massachusetts	1913
Michigan	1913
Minnesota	1913
Mississippi	1904
Missouri	1909
Montana	1907
Nebraska	1907
Nevada	1912
New Hampshire	1901
New Jersey	1910
New Mexico	1897
New York	1914
North Carolina	1908
North Dakota	1913
Ohio	1908
Oklahoma	1910
Rhode Island	1896
South Carolina	1902
South Dakota	1913
Tennessee	1907
Texas	1909
Utah	1911
Virginia	1912
Washington	1909
West Virginia	1913
Wisconsin	1911
Wyoming	1899

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VITA

FREDERICK CECIL MILLS was born on March 24, 1892, in Santa Rosa, California. He was educated in the public schools of Oakland, California, and at the University of California, receiving the degree of Bachelor of Letters from the latter institution in 1914. During the year 1914-15 he served as investigator for the Commission of Immigration and Housing of California and for the United States Commission on Industrial Relations. His investigational work with these commissions was concerned with the related problems of unemployment, migratory labor, and immigration. During 1915-16 he served as assistant in economics at the University of California, and carried on graduate study under Professors Carl C. Plehn, Jessica B. Peixotto, Stuart Daggett, and Carleton H. Parker. He acted as director of shelter and employment for the city of San Jose, California, during the winter of that year. In June 1916, he received the degree of Master of Arts from the University of California.

The academic year 1916-17 was spent in residence at Columbia University as Garth Fellow in Political Economy. His work in economics was under the direction of Professors Edwin R. A. Seligman, Henry R. Seager, Wesley C. Mitchell, and Robert E. Chaddock. In addition, studies were carried on in philosophy under Professor John Dewey, and in anthropology under Professor Franz Boas. He attended the graduate seminar of Professors Seligman and Mitchell.

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